

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**of the**

**TOWN OF NEWTOWN,  
CONNECTICUT**

**FOR THE YEAR ENDED**

**JUNE 30, 2010**

**PREPARED BY:  
THE FINANCE DEPARTMENT**

**ROBERT TAIT, FINANCIAL DIRECTOR**

**TOWN OF NEWTOWN, CONNECTICUT**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010  
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# Introductory Section

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**TOWN OF NEWTOWN, CONNECTICUT**

**LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2010**

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**First Selectman**  
E. Patricia Llodra

**Selectmen**

William F. L. Rodgers

William F. Furrier

**Board of Finance**  
John W. Kortze  
Chairman

James O. Gaston  
Martin Gersten  
Joseph W. Kearney

Michael E. Portnoy  
Harrison A. Waterbury

**Legislative Council**  
A. Jeffrey Capeci  
Chairman

Daniel J. Amaral  
Jan A. Andras  
John Aurelia Sr.  
James S. Beldon  
Gary B. Davis  
George T. Ferguson

Kevin P. Fitzgerald  
Mary Ann Jacob  
Chris Lorocque  
Benjamin B. Spragg  
Richard D. Woycik

**Financial Director**  
Robert G. Tait

Chief of Police – Michael Kehoe  
Director of Public Works – Frederick Hurley  
Community Development Director – Elizabeth Stocker

Tax Collector - Carol Mahoney  
Tax Assessor – Christopher Kelsey  
Town Clerk – Debbie Aurelia

**Board of Education**  
Lillian Bittman  
Chairman

Kathryn L. Fetchick  
Richard Gaines  
William G. Hart Jr.

Christopher Lagana  
Debbie M. Leidlein  
David Nanavaty

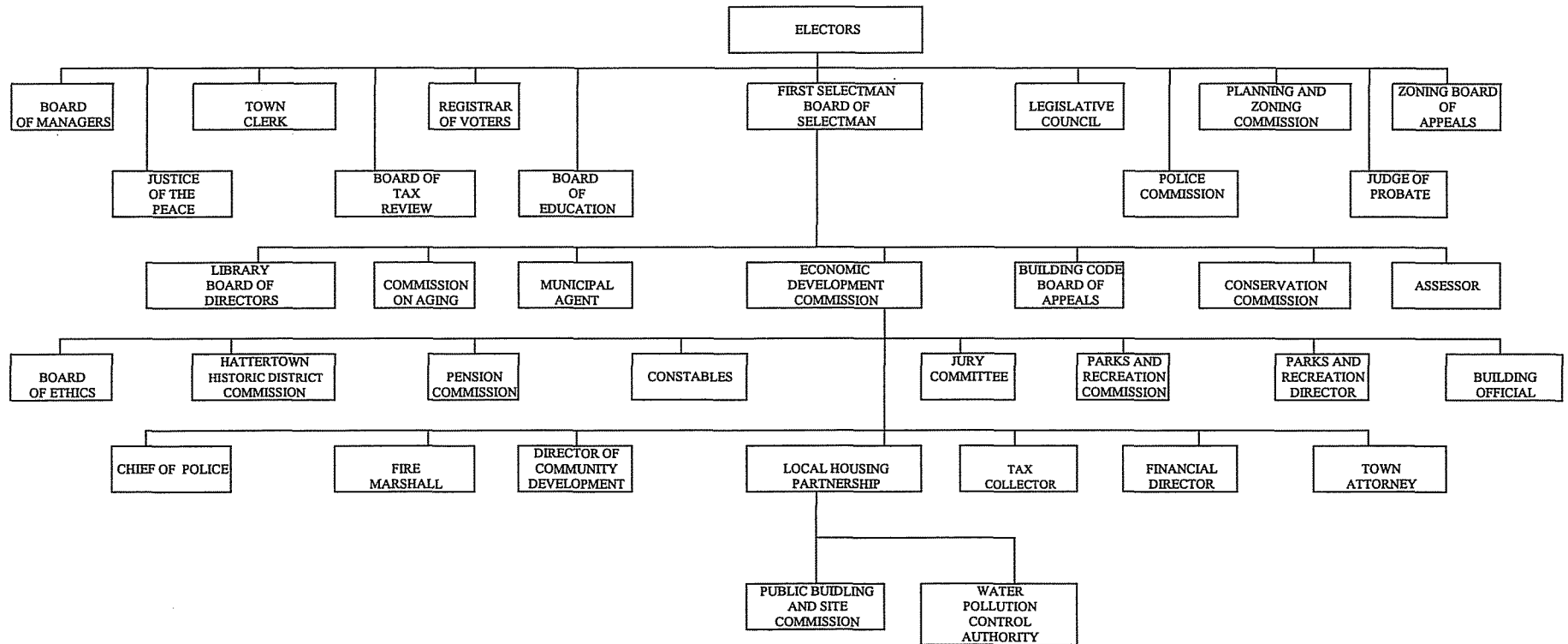
Janet Robinson – Superintendent of Schools  
Ronald J. Bienkowski – School Business Manager

**Independent Auditors**

Kostin, Ruffkess and Company, LLC

# TOWN OF NEWTOWN, CONNECTICUT

## ORGANIZATIONAL CHART





## **TOWN OF NEWTOWN**

### **OFFICE OF THE FINANCE DIRECTOR**

November 9, 2010

To the Honorable First Selectman, Members of the Board of Selectmen, Members of the Board of Finance, Members of the Legislative Council, and Citizens of the Town of Newtown, Connecticut.

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Newtown for the year ended June 30, 2010. The report includes the independent auditors' report as required by Town Charter Chapter 6, Section 6-02 and the Connecticut Statutes. The report is prepared in conformity with generally accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. Management of the Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Kostin, Ruffkess & Company, LLC, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, have audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Newtown, Connecticut for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Newtown's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town's separately issued Single Audit Report.



Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Town of Newtown**

The Town of Newtown was incorporated in 1711, has a favorable location in Fairfield County in the southwest part of the State of Connecticut about 60 miles northeast of New York City. The Town has a land area of 60 square miles and population of 26,737.

The Town operates under a Charter adopted in 1961 and most recently revised in 2008. The charter retains a limited Town Meeting form of government with the First Selectman acting as the Town's chief executive officer and a twelve-member legislative council acting as the legislative body, with the exception of those items specifically enumerated on which the Town Meeting is authorized to act. A three-member Board of Selectmen generally supervises the administration of the Town. Fiscal matters are administered under a six-member Board of Finance and an appointed Finance Director. The Town provides a full range of services, including police and volunteer fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events.

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the budget referendum. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, Exhibit L (II) A in the Notes to the Basic Financial Statements describes the budget process used by the Town.

### **Factors Affecting Financial Condition**

Newtown's presence in Fairfield County, its proximity to an excellent regional transportation network, its fine schools, public buildings and wide range of recreational and housing opportunities have all contributed to its continued growth and excellent financial condition.

The Town's economic base is supported by a diverse selection of goods producing industries and services. Medical products, printing and publishing continue to be the leading manufacturing sectors in Newtown.

New housing construction decreased from the previous year. In fiscal year 2010, 10 new housing permits were issued compared to the 15 issued in fiscal year 2009. In fiscal year 2010 4 new building commercial permits were issued compared to 5 issued in fiscal year 2009. Commercial permits were issued at a value of \$2,570,000 for fiscal year 2010 compared to a value of \$3,900,000 for fiscal year 2009.

The local labor force is feeling the impact of the declining economy. The annual average unemployment rate for the labor force was 5.4% in fiscal year 2009. The unemployment rate for the labor force, in fiscal year 2010, has increased to 6.6%.

Property taxes, which account for approximately 87 percent of the general fund revenue, have provided a reliable revenue source, with collections consistently at or around 99 percent. Current tax collections were 99.2% of the adjusted tax levy.

### **Factors Affecting Financial Condition (Continued)**

The Town's per capita income of \$37,786 and median family income of \$114,673 are above the state's high averages, while housing prices are competitive relative to Fairfield County norms. Most residents work in regional employment centers in Fairfield County and Westchester County, New York.

The economic crisis has created challenges for the Connecticut state government in trying to meet their budget. Connecticut's Office of Fiscal Analysis projected state budget deficits of \$3.97 billion in FY10, and \$4.71 billion in FY11. Newtown's general fund receives over \$7 million dollars from the State of Connecticut, which helps off set local taxes. The state has cut contributions to municipalities in their efforts to balance their budget and further cuts are expected. This will put increased pressure on local municipal budgets.

### **Long-Term Financial Planning**

**Newtown High School.** In June 2007 the Town of Newtown authorized \$2,750,000 for the design of an addition and minor renovations of the Newtown High School to accommodate increased enrollment. The total project was estimated to cost \$41,576,000 with approximately 30% being reimbursed by the State of Connecticut. The balance of the project cost for \$38,826,000 was authorized and adopted at a referendum vote in April of 2008 and at a Board of Selectmen meeting on May 4, 2009. Onsite mobilization, for the construction project, began on May 11, 2009. The scheduled substantial completion date for the classroom addition was July 2010 with the Gym following in September of 2010. To date, because of some construction delays, total project completion will be sometime in the summer, 2011 while the main building addition is expected to be occupied by December, 2010.

**Fairfield Hills.** In July 2004 the Town of Newtown CT purchased the 185 acres including the buildings from the State of Connecticut. The Town's Master Plan is to preserve open space and adapt the property for Town uses. There has been and will be further infrastructure improvements and additions. Roughly 130 acres will remain as open space. A town hall, a senior center and a recreation center were included in the plan. Several buildings are to be used for commercial development such as offices, retail space and a restaurant. There are provisions for playing fields for baseball, softball, multi-use fields and passive recreation areas on the campus. A Fairfield Hills Authority has been appointed to manage the property.

To date soil remediation has been completed; the engineering house has been renovated and is in use for security property administration and other activities; a part time property manager is there one day per week; a baseball field has been completed; Phase I of the walking trails have been completed and plans for Phase II are complete; the Newtown Youth Academy, a privately owned and operated business, opened on land leased from the Town; Phase I electric, gas and communication infrastructure improvements have been completed; the Newtown Municipal Center office facility is now open in the former Bridgeport Hall; and environmental remediation of three buildings has occurred. Greenwich, Fairfield, Yale buildings have been taken down and the demolition of Litchfield Hall is in progress.

A Broker has been selected to help find business/organizations to lease some of the buildings on the site. Presently a committee appointed by the Board of Selectmen is reviewing the current Master Plan for the Fairfield Hills Campus and is charged with recommending possible changes to the plan.

**Open Space Acquisition Program.** The Town of Newtown has purchased Open Space for public use for decades. In May 2005 the Town was authorized to bond \$10,000,000 for public Open Space. These bonds have been issued in \$2,000,000 amounts annually. The purchases of open space were to address the impacts development had on its natural, historical and agricultural resources. The town also recognized the financial stability which emanates from smart growth and has placed in its Capital Improvement Plan, future annual bonding increments through referendum approvals. The town has also applied for over \$1,000,000 in matching grants from state and federal sources. It is anticipated that the open space program will be continued.

**Parks & Recreation.** The Parks and Recreation department has recently formed two subcommittees under the direction of the Parks and Recreation Commission. A Dog Park committee has been formed to fundraise and developed a dog park for the canines and their humans in Newtown. A Trail Committee has been formed to coordinate trail activity, facilitate the construction use and maintenance of walking, hiking, biking and horseback riding trails. This trail committee is also working on the Conservation Plan to work on a network of trails to connect all points of town to a central location such as the Fairfield Hills Campus.

A Master Plan for Dickinson Park has been developed and phases of completion are underway. \$620,000 was funded through the Capital improvement Program (CIP) and new tennis courts, a basketball court and parking and infrastructure improvements are currently in progress. \$25,000 was funded in the current budget for monies needed for a skate park. This park is currently under construction at a bid that came in at \$88,320. The remaining funds were donations raised by the Donate to Skate Committee and funds contributed from the Surcharge monies managed by the Parks and Recreation Commission. This will build a concrete plaza style skate park which has been a much needed facility for many years. The next phase of the Master Plan scheduled for funding in year 2012 for Dickinson Park is to build a new playground and add a splash pad for creative and natural passive recreation. Future funding of this Dickinson master plan will be for a concession stand and a bath house and improvements of the existing grounds around the bathroom facility and pavilion.

In 2012, in the CIP, \$350,000 is planned for improvements to Treadwell Park which will be used for new Tennis and Basketball courts and parking improvements at that facility.

**Public Works Projects.** The Public Works Department has \$25 million in planned projects for the next five years, depending on the availability of funding. \$10 million are scheduled for sewer and water system improvements at the main waste water treatment plant and for the overall infrastructure at the Fairfield Hills Campus. \$5 million is planned for bridge improvements and \$10 million for various highway projects. These projects include both solely Town funded and partner projects with the State and Federal governments

### **Economic Development**

The Town of Newtown experienced steady growth in commercial development over the years. New commercial buildings have been constructed and occupied by businesses new to Newtown and several existing commercial buildings have been renovated for new tenants. The main commercial areas in Newtown are concentrated along Church Hill Road (Rt. 6) between the Borough of Newtown and Sandy Hook Center, in Curtis Corporate Park, Hawleyville (Rt. 6) and along South Main Street (Rt. 25) where updated zoning provides new opportunities for commercial development.

**Curtis Corporate Park** contributed to this growth in new businesses as the park offered well positioned commercial building lots close to I-84. East Haven Lumber, Environmental Energy Services, American Stair and Architectural Glass Industries built and occupy industrial facilities in the park. An industrial condominium attracted smaller businesses and TNT Expense Management expanded their headquarters into a new office building. A few lots remain for additional growth opportunities.

**The Borough of Newtown** has a vibrant village district filled with retailers, professional offices and restaurants. Sidewalks and decorative streetlamps adjacent to the compact residential areas are inviting to residents and visitors in this historic area. The Newtown Shopping Center is anchored by the Big Y Supermarket and thrives with several smaller retail and service tenants. Eton Center is anchored by Caraluzzi's Market, Ace Hardware and Wachovia Bank. St. Rose had a recent expansion to their Blue Ribbon school and professional office space continues to attract new investment and businesses to the center.

**South Main Street (Rt. 25)** continues to attract new development projects. The first phase of Highland Plaza is nearly full with tenants and Plaza South added significant new retail space to the corridor along with a nice mix of new businesses. These developments and a couple of smaller projects were made possible by the new zoning codes adopted following a year long planning process.

**Sandy Hook Center** continues to attract new investments. The publically funded streetscape along Church Hill Road combined with private property investments successfully attracted new businesses and interest in this crossroads hamlet. The renovation of several historic buildings, the river walk, new restaurants and shared parking areas have all contributed to its revitalization. Newtown Savings Bank has approval to construct a new branch building. Plans are in the works for the next phase of the Sandy Hook Streetscape project. The plan to install sidewalks, curbing, landscaping and decorative street lighting along Riverside Road, Glen Road and Washington Avenue will tie the commercial district together with the neighborhood and will further improve pedestrian and vehicular flow and safety. The streetscape project will be funded by a variety of sources including state, local and private money.

**The Newtown Technology Park** is planned for Town owned land located directly off Exit 10 of I-84. An area of approximately 41 acres is being marketed to technology based businesses by the Economic Development Commission. The town is hoping that the land will be developed for a research and development or corporate headquarters site. Amenities of this site include the infrastructure, the location, a complement of adjacent land uses, open space and hiking trails. Planning for the development has been funded by state and local funds. Local land use approvals are necessary to move the project into the development phase.

**Fairfield Hills Campus.** This former state hospital was purchased by the Town of Newtown in 2004. A comprehensive reuse vision for the property was presented in the Fairfield Hills Master Plan which calls for reserving a major portion of the 185-acre property for municipal, cultural, passive and active recreation uses. A select number of existing buildings and land parcels have been designated for commercial purposes. The Economic Development Commission is assisting the Fairfield Hills Authority with marketing the commercial aspects of the property. The property redevelopment and commercial uses are expected to generate tax revenue and employment opportunities in the community. To date, the redevelopment project created hundreds of temporary jobs in the construction and service sectors. Approximately 120 permanent jobs are currently on site.

**The Hawleyville** area of Newtown (Exit 9 and Route 6) is expected to be a major player for continued economic growth. Several properties have land use approvals in place for construction of new office/retail buildings. Discussions are underway to enhance the growth potential in this area of Newtown with limited infrastructure upgrades.

### **Relevant Financial Policies**

The Town's financial policies have been applied consistently with no notable current year effect on the financial statements. During the current year, an investment policy has been approved by the Legislative Council.

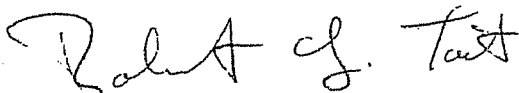
**Awards.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the twelfth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements.** The preparation of this report would not have been possible without the efficient and dedicated services of my assistant finance director, Donna Tomasko, the entire staff of the Finance Department and Ron Bienkowski, the education director of business, and his entire staff.. Each member has my sincere appreciation for their contributions made in the preparation of this report. The cooperation and assistance of the accounting firm of Kostin, Ruffkess & Company, LLC, also contributed significantly to its production.

This comprehensive annual financial report reflects a commitment to the citizens of Newtown, the Board of Finance, the Board of Selectmen, the Legislative Council, and all concerned readers of this report, to provide information in conformance with the highest standards of financial accountability.

Respectfully submitted,

A handwritten signature in cursive script, reading "Robert G. Tait".

Robert G. Tait  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Newtown  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

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## **Financial Section**

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## INDEPENDENT AUDITORS' REPORT

Legislative Council  
Town of Newtown, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2010, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis, Schedule of Funding Progress and Schedule of Employer Contributions - Newtown Retirement System, and Other Postemployment Benefit Plan on pages 3 through 8 and pages 67 through 70, respectively, are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.





Town of Newtown, Connecticut  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Newtown, Connecticut's basic financial statements. The introductory section and the accompanying financial information listed as supplemental schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Kostin, Ruffkess & Company, LLC*

Farmington, Connecticut  
November 9, 2010



## TOWN OF NEWTOWN OFFICE OF THE FINANCE DIRECTOR

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2010

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As management of the Town of Newtown, we offer readers of the Town of Newtown's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, in the introductory section of this report.

#### **Financial Highlights**

- On a government-wide basis, the Town's net assets grew by \$6.1 million for the fiscal year, \$6.7 million of which was generated by governmental activities while there was a decrease of \$0.6 million due to business-type activities of the Town. The increase was due substantially to capital asset purchases in excess of depreciation expense. The major project was the construction of the high school addition.
- The Town's combined net assets total \$191.7 million at June 30, 2010. Of this amount the unrestricted components were \$9.1 million in governmental activities and \$9.3 million in business activities.
- At year end the unreserved undesignated fund balance for the general fund was \$6,903,051 or 6.5% of total general fund expenditures.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Newtown's basic financial statements. The Town of Newtown's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Newtown's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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Both of the government-wide financial statements distinguish functions of the Town of Newtown that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, health and welfare, land use, public works, parks and recreation and education. The business-type activities of the Town are for wastewater operations and water operations.

The government-wide financial statements can be found on Exhibits A and B.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Newtown uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 27 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the two funds considered to be major funds. Data from the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Schedules 5 and 6.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found Exhibits C, D and F.

**Proprietary funds.** The Town of Newtown maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its wastewater operations and the water operations at the Fairfield Hills property. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its school personnel dental benefits. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides information for the water operations and for the wastewater operations, which is considered to be a major fund of the Town. The internal service fund financial statement provides information for the school employee and dependent dental plan benefits.

The basic proprietary fund financial statements can be found on Exhibits G, H and I.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibits J and K.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit L.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Newtown's progress in funding its obligation to provide pension benefits and other post employment benefits to its employees.

The combining statements and supplemental schedules referred to earlier in connection with nonmajor governmental are presented immediately following the required supplementary information on pensions.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Newtown, assets exceeded liabilities by \$191.8 million at the close of the fiscal year.

#### Town of Newtown Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets.....	\$ 38,655,534	\$ 33,962,167	\$ 9,449,182	\$ 10,225,934	\$ 48,104,716	\$ 44,188,101
Capital assets (net).....	226,637,056	201,291,958	30,100,077	30,739,839	256,737,133	232,031,797
Total assets.....	265,292,590	235,254,125	39,549,259	40,965,773	304,841,849	276,219,898
Long-term liabilities outstanding...	69,035,228	65,026,474	6,145,052	7,043,381	75,180,280	72,069,855
Other liabilities.....	36,936,086	17,597,411	1,007,362	969,925	37,943,448	18,567,336
Total liabilities.....	105,971,314	82,623,885	7,152,414	8,013,306	113,123,728	90,637,191
Net assets:						
Invested in capital						
assets, net of related debt.....	131,727,748	128,178,467	23,064,329	22,821,892	154,792,077	151,000,359
Restricted.....	18,456,234	37,623,354			18,456,234	37,623,354
Unrestricted.....	9,137,294	(13,171,581)	9,332,516	10,130,575	18,469,810	(3,041,006)
TOTAL NET ASSETS.....	\$ 159,321,276	\$ 152,630,240	\$ 32,396,845	\$ 32,952,467	\$ 191,718,121	\$ 185,582,707

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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The largest portion of the Town's net assets (80.7%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure); less any related debt and related liabilities used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets \$18.5 million represents resources that are subject to external restrictions on how they may be used. The remaining portion of net assets is unrestricted and is \$18.5 million.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as for its separate governmental and business-type activities.

The Town's net assets increased by \$6.1 million during the current fiscal year. The increase was primarily due to the construction of the high school addition.

**Governmental activities.** Already noted was the statement of activities purpose in presenting information in how the Town's net assets changed during the most recent fiscal year. A chart of changes in net assets follows. For the fiscal year, net assets increased \$6.1 million, with \$6.7 million of the increase coming from governmental activities. The increase in assets in governmental activities is related to the construction of assets. The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Town of Newtown Change in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>REVENUES:</b>						
Program revenues:						
Charges for services.....	\$ 5,400,887	\$ 5,658,004	\$ 1,345,290	\$ 1,166,399	\$ 6,746,177	\$ 6,824,403
Operating grants and contributions.....	14,681,778	13,470,536			14,681,778	13,470,536
Capital grants and contributions....	4,738,631	1,731,908			4,738,631	1,731,908
General revenues:						
Property taxes.....	90,626,477	90,243,025			90,626,477	90,243,025
Grants and contributions not restricted to specific programs....	2,045,042	2,756,030			2,045,042	2,756,030
Investment income.....	858,968	552,252	99,896	20,039	958,864	572,291
Miscellaneous.....	105,381	452,570			105,381	452,570
Transfers.....	-	83,967	-	(83,967)	-	-
<b>TOTAL REVENUES.....</b>	<b>118,457,164</b>	<b>114,948,292</b>	<b>1,445,186</b>	<b>1,102,471</b>	<b>119,902,350</b>	<b>116,050,763</b>
<b>EXPENSES:</b>						
General government.....	5,297,077	4,535,058			5,297,077	4,535,058
Public safety.....	9,520,554	9,148,279			9,520,554	9,148,279
Health and welfare.....	2,980,058	3,358,845			2,980,058	3,358,845
Land use.....	694,940	703,662			694,940	703,662
Public works.....	10,171,370	11,867,112			10,171,370	11,867,112
Parks and recreation.....	3,619,773	3,262,414			3,619,773	3,262,414
Education.....	77,364,602	76,184,988			77,364,602	76,184,988
Interest expense.....	2,117,754	1,161,850			2,117,754	1,161,850
Sewer Department.....			1,592,894	1,568,227	1,592,894	1,568,227
Water Department.....			407,914	381,374	407,914	381,374
<b>TOTAL EXPENSES.....</b>	<b>111,766,128</b>	<b>110,222,208</b>	<b>2,000,808</b>	<b>1,949,601</b>	<b>113,766,936</b>	<b>112,171,809</b>
<b>INCREASE IN NET ASSETS.....</b>	<b>6,691,036</b>	<b>4,726,084</b>	<b>(555,622)</b>	<b>(847,130)</b>	<b>6,135,414</b>	<b>3,878,954</b>
<b>NET ASSETS - JULY 1 .....</b>	<b>152,630,240</b>	<b>147,904,156</b>	<b>32,952,467</b>	<b>33,799,597</b>	<b>185,582,707</b>	<b>181,703,753</b>
<b>NET ASSETS - JUNE 30.....</b>	<b>\$ 159,321,276</b>	<b>\$ 152,630,240</b>	<b>\$ 32,396,845</b>	<b>\$ 32,952,467</b>	<b>\$ 191,718,121</b>	<b>\$ 185,582,707</b>

Significant changes from the prior year for revenues are as follows:

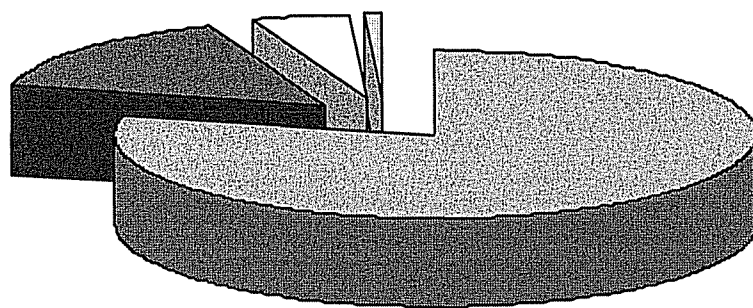
- Property taxes increase by \$383,452 as a result of normal growth in the budget.
- Operating grants and contributions increased by \$1,211,242. The most significant increase was related to the increase in education grants.
- Capital grants and contributions increased by \$3,006,723 as a result of grant reimbursements for capital projects as well as \$870,000 of donated land.
- Investment income increased by \$306,716. The increase in investment income is a result of a turnaround in the market during the year.

**Governmental activities (Continued)**

**Revenues**

Governmental activities revenues totaled \$118.5 million for fiscal year 2010. Property taxes are the largest revenue source for the Town and represent 76.5% of governmental revenues. Current tax collections were 99.2% of the adjusted tax levy. Operating grants and contributions revenues are the Town's second largest revenue. In operating grants and contributions revenues include grants for school lunch program, education, law enforcement, daycare, public works and contributions to the Town gift funds. Operating grants and contributions revenues account for 12.4% of governmental revenues for the year. Charges for services, the third largest revenue, amount to 4.6% of governmental revenues. Charges for services include the school lunch program, adult education, Edmond Town hall and park and recreation programs. Grants and contributions not restricted to specific programs account for 1.7% and include elderly tax relief and in lieu of tax contributions. Capital grants and contributions amount to 4.0% of revenue and are made up of mostly school building grants and public works grants. Investment income represents 0.7% of governmental revenue. Miscellaneous revenue accounts for the remaining governmental revenues and amount to 0.1% of governmental revenues.

## Revenues-Governmental Activities



- ☒ Property Taxes
- ☒ Intergovernmental and contributions
- ☐ Charges for Services
- ☒ Other

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **Expenses**

Significant changes from the prior year are as follows:

- General government expenditures increased by \$762,019 due mainly to increased costs in employee benefits.
- Public works expenses decreased by \$(1,695,742) due to a decrease in expenditures for roads and maintenance.
- Education expenses increased by \$1,179,614. The increase was mainly a result of an increase in education grants.
- Interest expense increased by \$955,904. This was due to the issuance of \$14,250,000 of additional bonds during the year as well as debt that was issued in fiscal year 2009 for which the first payments occurred during the current fiscal year.

Governmental expenses totaled \$111.7 million for the fiscal year. Of the expenditure, 69.2% or \$77.4 million is related to education. Public works expenses amounted to \$10.2 million, or 9.1%, while public safety amounted to \$9.5 million or 8.5%. Park and recreation expenses were \$3.6 million or 3.3%. Interest expense was \$2.1 million or 1.9%. General government expenses were \$5.3 million, or 4.7%, health and welfare expenses were \$3.0 million or 2.7%, and land use expenses were \$0.7 million or 0.6%.

### **Business-Type Activities**

#### **Revenues**

General revenues do not support the Town's business-type activities; thus, the largest source of revenues comes from charges for services. Of the \$1.4 million in revenue from the sewer department and water department, 93.1% comes from charges for services. Investment income makes up the final 6.9% of revenues for the Town's business activities.

Charges for services increased by \$178,891 substantially due to an increase in sewer use fee revenues.

#### **Expenses**

Business-type expenses decreased \$51,207 for the Sewer department's fiscal year ended June 30, 2010.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### **Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The combined fund balances of governmental funds for the fiscal year ended June 30, 2010, is \$2.0 million. A deficit of approximately (\$17.8 million) constitutes unreserved fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for encumbrances (\$1.4 million), 2) for construction commitments (\$16.8 million) or 3) debt service (\$0.3 million) 4) Endowments (\$1.3 million).

### **General Fund**

The general fund is the operating fund of the Town. The budgetary fund balance of the general fund decreased by \$1.7 million for the fiscal year. This was due mainly to the budgeted use of fund balance. Revenues increased by \$1.1 million, led by an increase in intergovernmental revenues of \$1.2 million. Tax revenue decreased by \$.5 million, while investment income increased by \$.4 million, charges for services increased \$0.09 million and miscellaneous revenue decreased by \$.04 million. Property tax rate increased from 23.20 mills to 23.43 mills.

### **General Fund Budgetary Highlights**

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2010 can be found on Exhibit F. A summary of that schedule follows:

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
<b><u>REVENUES &amp; OTHER FINANCING SOURCES</u></b>				
Taxes.....	\$ 91,105,927	\$ 90,830,927	\$ 90,659,137	\$( 171,790)
All other revenues.....	10,610,767	10,079,788	9,188,047	( 891,741)
Appropriate of fund balance.....	2,000,000	2,000,000		( 2,000,000)
Cancellation of prior encumbrances.....			37,962	37,962
Transfers in.....			119,190	119,190
Total.....	103,716,694	102,910,715	100,004,336	( 2,906,379)
<b><u>EXPENDITURES &amp; OTHER FINANCING USES</u></b>				
Expenditures.....	103,526,694	102,480,585	101,307,677	1,172,908
Transfer out .....	190,000	430,130	430,130	-
Total.....	103,716,694	102,910,715	101,737,807	1,172,908
CHANGE IN FUND BALANCE.....	\$ -	\$ -	\$( 1,733,471)	\$( 1,733,471)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **General Fund Budgetary Highlights (continued)**

During the year there were no additional appropriations. However, there was a budget amendment during the budget year decreasing the overall budget by \$805,979 to account for declining intergovernmental revenues and other revenues tied to the (declining) economy. Overall, revenues were less than budgetary estimates and expenditures remained below budgeted amounts, with no department exceeding its annual appropriation.

### **Bonded Projects Fund**

The Bonded Project fund revenues and other financing sources were less than its expenditures and transfers in by \$13.5 million for the fiscal year. This is the net result the issuance of debt of \$13,168,109, net transfers of \$70,114, intergovernmental revenues of \$3,192,572 off set by capital outlays of \$26,556,045 and debt service of \$3,400,000.

***Proprietary funds.*** The Town's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The Town's enterprise funds posted an overall decrease in net assets of \$0.6 million for the fiscal year ended June 30, 2010.

### **Sewer Fund**

Unrestricted net assets of the sewer fund at the end of the year amounted to \$10,253,989, a decrease of \$826,287 from the prior year.

### **Water Fund**

Unrestricted net assets of the water fund at the end of the year amounted to a deficit of \$921,473, an increase of \$28,228 from the prior year.

### **Self Insured Medical Benefits Internal Service Fund**

Unrestricted net assets of the self-insured medical benefits fund at the end of the year amounted to \$81,665.

The Town's self insured medical benefits fund recorded a decrease in net assets for the year of \$3,793.

Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### **Capital Assets and Debt Administration**

At June 30, 2010, the Town of Newtown's capital assets for both governmental and business-type activities amounted to \$256.7 million, net of depreciation. This includes land, building, equipment, and infrastructure (roads and bridges). Capital assets for governmental activities increased by 12.6% while business-type capital assets decreased 2.1%. These changes included the following:

Land increased by \$910,190 due to purchase and donation of open space and roads accepted into system from development.

Construction in progress increased by \$832,981 due to construction on the new high school and capitalization of the municipal center.

Buildings and systems increased \$10,863,848 due primarily to the Fairfield Hills site improvements and baseball fields.

Land improvements increased by \$7,425,217 due to the completion of the municipal center.

Infrastructure increased by \$4,972,632 due to completion of the municipal center parking lot as well as other Fairfield Hills improvements.

#### **Town of Newtown**

#### **Capital Assets - Net**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Land.....	\$ 23,657,415	\$ 22,747,225	\$ 1,000	\$ 1,000	\$ 23,658,415	\$ 22,748,225
Intangible assets.....	3,687,270	3,687,270	751,460	794,811	4,438,730	4,482,081
Construction in progress.....	27,024,748	26,191,767			27,024,748	26,191,767
Buildings and systems.....	96,941,141	86,077,293			96,941,141	86,077,293
Land improvements.....	12,860,116	5,434,899			12,860,116	5,434,899
Plant and pumping stations...			10,213,508	10,492,586	10,213,508	10,492,586
Sewer distribution system....			17,281,366	17,499,358	17,281,366	17,499,358
Water distribution system....			1,739,212	1,825,528	1,739,212	1,825,528
Machinery and equipment....	4,295,674	4,194,261	36,502	42,943	4,332,176	4,237,204
Vehicles.....	6,088,715	5,849,898	77,029	83,613	6,165,744	5,933,511
Infrastructure.....	52,081,977	47,109,345			52,081,977	47,109,345
<b>TOTAL.....</b>	<b>\$ 226,637,056</b>	<b>\$ 201,291,958</b>	<b>\$ 30,100,077</b>	<b>\$ 30,739,839</b>	<b>\$ 256,737,133</b>	<b>\$ 232,031,797</b>

Additional information on the Town's capital assets can be found in Exhibit L (III) C.

### **Long-term debt**

For the year ended June 30, 2010, the Town's long-term debt increased by a net of \$442,923, due to the issuance of debt of \$14,230,000 and \$13,320,000 (general obligation and refunding respectively) net of payments for the outstanding issues and debt refunded. At the end of the current fiscal year, the Town had total bonded and note debt outstanding of \$81,284,160. Of this amount, \$81,284,160, less \$3,837,712 to be funded from state grants, comprises debt backed by the full faith and credit of the Town and \$7,047,248 is wastewater operations debt for which the Town is liable in the event of default by the property owners subject to the sewer assessment.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Long-term debt (continued)

#### **TOWN OF NEWTOWN'S OUTSTANDING DEBT** General Obligation, Sewer Bonds, Clean Water and Water Notes

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
General purpose bonds	\$38,749,851	\$ 38,824,880	\$ 436,200	\$ 482,000	\$ 39,186,051	\$ 39,306,880
School bonds	32,687,749	29,668,350			32,687,749	29,668,350
Sewer bonds and clean water notes	2,661,079	3,069,629	6,611,048	7,439,818	9,272,127	10,509,447
Water notes	138,233	145,560			138,233	145,560
Improvement notes	-	1,211,000	-	-	-	1,211,000
	<u>\$74,236,912</u>	<u>\$ 72,919,419</u>	<u>\$ 7,047,248</u>	<u>\$ 7,921,818</u>	<u>\$ 81,284,160</u>	<u>\$ 80,841,237</u>

The Town maintains an "AA+" rating from Standard & Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 ¼ to 4 ½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town is \$633,366,811, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Exhibit L (III) F.

### Next Year's Budgets and Rates

The Town elected and appointed officials considered many factors when setting the fiscal year 2011 budget. The Town decided that it was important, because of the economic times, to present a budget with no or little tax increase. In order to meet the objectives of the 2011 budget, the Town recognized the need to continue its pattern of cost containment. The mill rate was set at 24.00, which represents a 2.4% increase.

The 2011 general fund budget was \$104,284,615, an increase of 0.55% over the prior year adopted budget. Budgeted non-tax revenue declined \$0.58 million as a result of the economic conditions.

The Town has budgeted the use of \$1.0 million of fund balance to balance the 2011 budget.

### Requests for Information

This financial report is designed to familiarize our citizens, taxpayers and customers with the Town's finances and to demonstrate the Town's fiscal accountability for its operation. Questions concerning this report, or request for additional financial information, should be directed to Mr. Robert G. Tait, Finance Director, 3 Primrose Street, Town Hall, Newtown, CT 06470, Telephone (203) 270-4226.

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# Basic Financial Statements

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**TOWN OF NEWTOWN, CONNECTICUT**

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b><u>ASSETS</u></b>			
Current assets:			
Cash.....	\$ 1,534,840	\$	\$ 1,534,840
Investments.....	27,710,022	1,701,452	29,411,474
Receivables:			
Property taxes.....	1,008,883		1,008,883
Assessment.....		802,069	802,069
Use charges.....		205,338	205,338
Intergovernmental.....	1,625,533		1,625,533
Other.....	311,884		311,884
Internal balances.....	(311,584)	311,584	-
Other.....	27,148	218	27,366
Total current assets.....	31,906,726	3,020,661	34,927,387
Noncurrent assets:			
Restricted assets:			
Temporarily restricted:			
Cash.....	1,770		1,770
Permanently restricted:			
Cash.....	10,000		10,000
Investments.....	1,217,839		1,217,839
Total restricted assets.....	1,229,609	-	1,229,609
Receivables (net):			
Property taxes.....	727,902		727,902
Assessments.....		6,426,559	6,426,559
Intergovernmental.....	3,501,001		3,501,001
Loans receivable.....	251,930		251,930
Total receivables (net).....	4,480,833	6,426,559	10,907,392
Other noncurrent assets:			
Other.....	712,914	1,962	714,876
Net pension asset.....	325,452		325,452
Total other noncurrent assets.....	1,038,366	1,962	1,040,328
Capital assets (net of accumulated depreciation):			
Land.....	23,657,415	1,000	23,658,415
Intangible assets (net of accumulated amortization).....	3,687,270	751,460	4,438,730
Construction in progress.....	27,024,748		27,024,748
Buildings and systems.....	96,941,141		96,941,141
Land improvements.....	12,860,116		12,860,116
Plant and pumping stations.....		10,213,508	10,213,508
Sewer distribution system.....		17,281,366	17,281,366
Water distribution system.....		1,739,212	1,739,212
Machinery and equipment.....	4,295,674	36,502	4,332,176
Vehicles.....	6,088,715	77,029	6,165,744
Infrastructure.....	52,081,977		52,081,977
Total net capital assets.....	226,637,056	30,100,077	256,737,133
Total noncurrent assets.....	233,385,864	36,528,598	269,914,462
TOTAL ASSETS.....	265,292,590	39,549,259	304,841,849

(Continued)

**TOWN OF NEWTOWN, CONNECTICUT**

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b><u>LIABILITIES</u></b>			
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable.....	\$ 5,663,422	\$ 96,901	\$ 5,760,323
Accrued payroll.....	3,380,162		3,380,162
Accrued interest payable.....	279,406	944	280,350
Unearned revenue.....	390,590	18,821	409,411
Bond anticipation notes.....	20,000,000		20,000,000
Bonds, notes and related liabilities.....	6,889,958	890,696	7,780,654
Landfill post closure costs.....	17,000		17,000
Capital lease.....	52,321		52,321
Compensated absences.....	157,210		157,210
Termination benefits.....	106,017		106,017
Total Current liabilities.....	36,936,086	1,007,362	37,943,448
Noncurrent liabilities:			
Bonds, notes and related liabilities.....	67,729,085	6,145,052	73,874,137
Landfill post closure costs.....	238,000		238,000
Capital lease.....	237,944		237,944
Compensated absences.....	716,126		716,126
Termination benefits.....	40,000		40,000
Net OPEB obligation.....	74,073		74,073
Total Noncurrent liabilities.....	69,035,228	6,145,052	75,180,280
TOTAL LIABILITIES.....	105,971,314	7,152,414	113,123,728
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt.....	131,727,748	23,064,329	154,792,077
Restricted for:			
Capital projects.....	16,817,719		16,817,719
Debt service fund.....	301,517		301,517
Endowments:			
Nonexpendable.....	1,227,839		1,227,839
Expendable.....	109,159		109,159
Unrestricted.....	9,137,294	9,332,516	18,469,810
TOTAL NET ASSETS.....	\$ 159,321,276	\$ 32,396,845	\$ 191,718,121

(Concluded)

## TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET EXPENSES AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
General government.....	\$ 5,297,077	\$ 620,329	\$ 53,781	\$ 1,065,105	\$ (3,557,862)	\$	\$ (3,557,862)
Public safety.....	9,520,554	403,673	60,693		(9,056,188)		(9,056,188)
Health and welfare.....	2,980,058	35,852	5,000		(2,939,206)		(2,939,206)
Land use.....	694,940	68,850			(626,090)		(626,090)
Public works.....	10,171,370	795,857		480,954	(8,894,559)		(8,894,559)
Parks and recreation.....	3,619,773	1,496,451	29,755		(2,093,567)		(2,093,567)
Education.....	77,364,602	1,979,875	14,532,549	3,192,572	(57,659,606)		(57,659,606)
Interest expense.....	2,117,754				(2,117,754)		(2,117,754)
TOTAL GOVERNMENTAL ACTIVITIES.....	111,766,128	5,400,887	14,681,778	4,738,631	(86,944,832)	-	(86,944,832)
BUSINESS-TYPE ACTIVITIES:							
Sewer Department.....	1,592,894	1,021,112				(571,782)	(571,782)
Water Department.....	407,914	324,178				(83,736)	(83,736)
TOTAL BUSINESS-TYPE ACTIVITIES.....	2,000,808	1,345,290	-	-	-	(655,518)	(655,518)
TOTAL.....	\$ 113,766,936	\$ 6,746,177	\$ 14,681,778	\$ 4,738,631	\$ (86,944,832)	\$ (655,518)	\$ (87,600,350)
GENERAL REVENUES:							
Property taxes.....					\$ 90,626,477	\$	\$ 90,626,477
Grants and contributions not restricted to specific programs.....					2,045,042		2,045,042
Investment income.....					858,968	99,896	958,864
Miscellaneous.....					105,381		105,381
TOTAL GENERAL REVENUES.....					93,635,868	99,896	93,735,764
CHANGE IN NET ASSETS.....					6,691,036	(555,622)	6,135,414
NET ASSETS - JULY 1, 2009.....					152,630,240	32,952,467	185,582,707
NET ASSETS - JUNE 30, 2010.....					\$ 159,321,276	\$ 32,396,845	\$ 191,718,121

The notes to the financial statements are an integral part of this statement.



**TOWN OF NEWTOWN, CONNECTICUT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	GENERAL	BONDED PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b><u>ASSETS</u></b>				
Cash.....	\$ 392,508	\$	\$ 1,109,361	\$ 1,501,869
Investments.....	27,635,875		1,291,986	28,927,861
Receivables:				
Property taxes.....	1,387,206			1,387,206
Intergovernmental.....		473,222	288,802	762,024
Loans receivable.....			257,071	257,071
Other.....	149,385		70,652	220,037
Due from other funds.....	168,612	11,762,415	1,649,326	13,580,353
Other.....			27,148	27,148
<b>TOTAL ASSETS.....</b>	<b>\$ 29,733,586</b>	<b>\$ 12,235,637</b>	<b>\$ 4,694,346</b>	<b>\$ 46,663,569</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable.....	\$ 1,836,808	\$ 3,254,432	\$ 251,114	\$ 5,342,354
Accrued liabilities.....	3,356,952		23,210	3,380,162
Due to other funds.....	14,002,710		155,372	14,158,082
Deferred and unearned revenue.....	1,279,513		548,062	1,827,575
Bond anticipation notes.....		20,000,000		20,000,000
<b>Total Liabilities.....</b>	<b>20,475,983</b>	<b>23,254,432</b>	<b>977,758</b>	<b>44,708,173</b>
Fund balances:				
Reserved:				
Encumbrances.....	1,354,552			1,354,552
Commitments.....		16,817,719		16,817,719
Debt service fund.....			301,517	301,517
Endowments.....			1,227,839	1,227,839
Unreserved, reported in:				
Designated for subsequent year's budget.....	1,000,000			1,000,000
General fund.....	6,903,051			6,903,051
Special revenue funds.....			1,253,867	1,253,867
Capital projects funds.....		(27,836,514)	824,206	(27,012,308)
Permanent funds.....			109,159	109,159
<b>Total Fund Balances .....</b>	<b>9,257,603</b>	<b>(11,018,795)</b>	<b>3,716,588</b>	<b>1,955,396</b>
<b>TOTAL LIABILITIES AND FUND BALANCES .....</b>	<b>\$ 29,733,586</b>	<b>\$ 12,235,637</b>	<b>\$ 4,694,346</b>	<b>\$ 46,663,569</b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF NEWTOWN, CONNECTICUT**

RECONCILIATION OF FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DETAILS OF THIS DIFFERENCE ARE AS FOLLOWS:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1).....	\$ 1,955,396
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning net capital assets .....	201,291,958
Capital assets additions (outlay).....	28,884,705
Capital assets additions (donations).....	877,670
Depreciation expense.....	(4,064,436)
Disposal of capital assets.....	(352,841)

OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS:

Property tax and community development block grant interest and lien accrual.....	754,579
Property tax and community development block grant receivable - accrual basis change.....	1,436,985
Allowance for doubtful accounts.....	(410,141)
School building grant receivable.....	4,364,510
Net pension asset.....	325,452
Other.....	712,914

INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF MEDICAL INSURANCE TO INDIVIDUAL DEPARTMENTS:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....	81,665
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SOME LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Bonds and notes payable.....	(74,236,912)
Bond premium.....	(1,989,589)
Deferred charge for issuance costs.....	1,607,458
Landfill closure costs.....	(255,000)
Capital lease.....	(290,265)
Compensated absences.....	(873,336)
Termination benefits.....	(146,017)
Net OPEB obligation.....	(74,073)
Accrued interest payable.....	(279,406)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 159,321,276</u>
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**EXHIBIT D****TOWN OF NEWTOWN, CONNECTICUT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL	BONDED PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes.....	\$ 90,659,137	\$	\$	\$ 90,659,137
Intergovernmental.....	11,984,235	3,192,572	6,191,218	21,368,025
Charges for services.....	1,690,586		3,710,505	5,401,091
Investment income.....	366,060		146,992	513,052
Net change in fair value of investments.....			61,683	61,683
Contributions.....			158,204	158,204
Other.....	99,303		6,078	105,381
TOTAL REVENUES.....	104,799,321	3,192,572	10,274,680	118,266,573
EXPENDITURES:				
Current:				
General government.....	7,759,132		625,378	8,384,510
Public safety.....	6,330,414		537,458	6,867,872
Health and welfare.....	2,023,227		915,487	2,938,714
Land use.....	541,473			541,473
Public works.....	7,932,106		241,599	8,173,705
Parks and recreation.....	1,786,286		853,644	2,639,930
Fairfield Hills.....	374,931			374,931
Education.....	69,998,613		6,663,891	76,662,504
Debt service.....	9,755,127	3,400,000	1,597,700	14,752,827
Capital outlay.....		26,556,045	854,632	27,410,677
TOTAL EXPENDITURES.....	106,501,309	29,956,045	12,289,789	148,747,143
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,701,988)	(26,763,473)	(2,015,109)	(30,480,570)
OTHER FINANCING SOURCES (USES):				
Issuance of debt.....		12,726,286	1,503,714	14,230,000
Proceeds of refunding bonds.....		13,320,000	-	13,320,000
Premiums.....		1,611,914	-	1,611,914
Payment to refunded bonds escrow agent.....		(14,490,091)	-	(14,490,091)
Transfers in.....	119,190	92,060	364,383	575,633
Transfers out.....	(430,130)	(21,946)	(123,557)	(575,633)
NET OTHER FINANCING SOURCES (USES).....	(310,940)	13,238,223	1,744,540	14,671,823
NET CHANGE IN FUND BALANCES .....	(2,012,928)	(13,525,250)	(270,569)	(15,808,747)
FUND BALANCES - JULY 1, 2009.....	11,270,531	2,506,455	3,987,157	17,764,143
FUND BALANCES - JUNE 30, 2010.....	\$ 9,257,603	\$ (11,018,795)	\$ 3,716,588	\$ 1,955,396

The notes to the financial statements are an integral part of this statement.

**TOWN OF NEWTOWN, CONNECTICUT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
(EXHIBIT B) ARE DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ (15,808,747)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay.....	28,884,705
Depreciation expense.....	(4,064,436)

Total .....	24,820,269
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The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net assets. In the Statement of Activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change

Contributed capital assets.....	877,670
Disposal of capital assets.....	(352,841)

Total .....	524,829
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the Statement of Activities:

School building grant receipts.....	(938,448)
Change in property tax and community development block grant - accrual basis change.....	(69,711)
Change in property tax and community development block grant interest and lien revenue.....	17,051
Change in property tax and community development block grant allowance for doubtful accounts.....	19,796

Total .....	(971,312)
-------------	-----------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Issuance of debt.....	(14,230,000)
Issuance of refunding bonds.....	(13,320,000)
Bond premium.....	(1,183,330)
Deferred charges.....	655,271
Other.....	98,861
Principal repayments:	
General obligation debt.....	12,032,476
Notes payable.....	520,031
Refunded bonds.....	13,680,000

Total .....	(1,746,691)
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(Continued)

**TOWN OF NEWTOWN, CONNECTICUT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest payable.....	\$ (55,594)
Landfill closure.....	17,000
Capital lease.....	49,735
Compensated absences.....	(87,287)
Termination benefits.....	(90,017)
Net OPEB obligation.....	<u>52,161</u>
Total .....	<u>(123,519)</u>
Internal Service Funds are used by management to charge costs of medical insurance deductibles to individual departments.....	<u>(3,826)</u>
The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....	<u>33</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B) .....	<u>\$ 6,691,036</u>
	(Concluded)

## TOWN OF NEWTOWN, CONNECTICUT

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 91,105,927	\$ 90,830,927	\$ 90,659,137	\$ (171,790)
Intergovernmental.....	8,032,667	7,735,188	7,032,098	(703,090)
Charges for services.....	1,765,100	1,838,600	1,690,586	(148,014)
Investment income.....	700,000	400,000	366,060	(33,940)
Other.....	113,000	106,000	99,303	(6,697)
TOTAL REVENUES.....	101,716,694	100,910,715	99,847,184	(1,063,531)
EXPENDITURES:				
Current:				
General government.....	7,620,700	7,623,780	7,545,752	78,028
Public safety.....	6,441,175	6,440,170	6,301,982	138,188
Health and welfare.....	2,028,704	2,028,491	2,023,227	5,264
Land use.....	465,952	552,260	543,973	8,287
Public works.....	7,653,884	7,587,219	7,504,500	82,719
Parks and recreation.....	1,845,023	1,745,784	1,679,132	66,652
Fairfield Hills.....	490,700	415,000	409,653	5,347
Education.....	66,314,928	66,314,928	65,544,331	770,597
Contingency.....	455,654			-
Debt service.....	10,209,974	9,772,953	9,755,127	17,826
TOTAL EXPENDITURES.....	103,526,694	102,480,585	101,307,677	1,172,908
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,810,000)	(1,569,870)	(1,460,493)	109,377
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	2,000,000	2,000,000		(2,000,000)
Transfers in.....			119,190	119,190
Cancellation of prior year encumbrances.....			37,962	37,962
Transfers out.....	(190,000)	(430,130)	(430,130)	-
NET OTHER FINANCING SOURCES (USES).....	1,810,000	1,569,870	(272,978)	(1,842,848)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	(1,733,471)	\$ (1,733,471)
FUND BALANCE - JULY 1, 2009.....			9,636,522	
FUND BALANCE - JUNE 30, 2010.....			\$ 7,903,051	

The notes to the financial statements are an integral part of this statement.

TOWN OF NEWTOWN, CONNECTICUTSTATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
				ACTIVITIES
	MAJOR	NON-MAJOR	TOTAL	INTERNAL
	SEWER DEPARTMENT	WATER FUND		SERVICE FUNDS
<b><u>ASSETS</u></b>				
Current assets:				
Cash.....	\$ 1,701,452	\$ -	\$ 1,701,452	\$ 44,741
Investments.....				
Receivables:				
Assessments.....	802,069		802,069	
Use charges.....	127,886	77,452	205,338	
Other.....			-	91,847
Due from other funds.....	146,044	165,540	311,584	
Advance to other funds.....	1,118,393		1,118,393	
Other.....	218		218	
Total current assets.....	3,896,062	242,992	4,139,054	136,588
Noncurrent assets:				
Assessment receivables.....	6,426,559		6,426,559	
Other.....	1,962		1,962	
Capital assets (net of accumulated depreciation/amortization):				
Land.....	1,000		1,000	
Intangible assets.....	579,367	172,093	751,460	
Plant and pumping stations.....	9,548,995	664,513	10,213,508	
Sewer distribution system.....	17,281,366		17,281,366	
Water distribution system.....		1,739,212	1,739,212	
Equipment.....	36,502		36,502	
Vehicles.....	77,029		77,029	
Total capital assets (net of accumulated depreciation/amortization).....	27,524,259	2,575,818	30,100,077	-
Total noncurrent assets.....	33,952,780	2,575,818	36,528,598	-
TOTAL ASSETS.....	37,848,842	2,818,810	40,667,652	136,588
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable.....	50,829	46,072	96,901	
Claims payable.....			-	54,923
Accrued interest payable.....	944		944	
Deferred and unearned revenue.....	18,821		18,821	
Advance from other funds.....		1,118,393	1,118,393	
Bonds and notes payable.....	890,696		890,696	
Total current liabilities.....	961,290	1,164,465	2,125,755	54,923
Noncurrent liability:				
Bonds and notes payable - net of premium and deferred amount on refunding.....	6,145,052		6,145,052	
TOTAL LIABILITIES.....	7,106,342	1,164,465	8,270,807	54,923
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt.....	20,488,511	2,575,818	23,064,329	
Unrestricted.....	10,253,989	(921,473)	9,332,516	81,665
TOTAL NET ASSETS.....	\$ 30,742,500	\$ 1,654,345	\$ 32,396,845	\$ 81,665

The notes to the financial statements are an integral part of this statement.

TOWN OF NEWTOWN, CONNECTICUTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
				ACTIVITIES
	MAJOR	NON-MAJOR		
	SEWER DEPARTMENT	WATER DEPARTMENT	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
Charges for services.....	\$ 1,021,112	\$ 324,178	\$ 1,345,290	\$ 548,695
OPERATING EXPENSES:				
Professional services.....	493,438	10,005	503,443	
Contracted services.....	163,284	105,523	268,807	
Repairs and maintenance.....	95,098		95,098	
Utilities.....	151,911	56,569	208,480	
Claims incurred.....				529,665
Administration.....				22,856
Depreciation and amortization.....	527,798	111,964	639,762	
Other.....		30,938	30,938	
TOTAL OPERATING EXPENSES.....	1,431,529	314,999	1,746,528	552,521
OPERATING INCOME (LOSS).....	(410,417)	9,179	(401,238)	(3,826)
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	99,896		99,896	33
Interest expense.....	(161,365)	(92,915)	(254,280)	
NET NONOPERATING REVENUES (EXPENSES).....	(61,469)	(92,915)	(154,384)	33
NET CHANGE IN NET ASSETS .....	(471,886)	(83,736)	(555,622)	(3,793)
TOTAL NET ASSETS - JULY 1, 2009.....	31,214,386	1,738,081	32,952,467	85,458
TOTAL NET ASSETS - JUNE 30, 2010.....	\$ 30,742,500	\$ 1,654,345	\$ 32,396,845	\$ 81,665

The notes to the financial statements are an integral part of this statement.



## TOWN OF NEWTOWN, CONNECTICUT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	MAJOR	NONMAJOR	TOTAL	INTERNAL SERVICE FUNDS
	SEWER DEPARTMENT	WATER DEPARTMENT		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from charges for services.....	\$ 1,783,946	\$ 344,535	\$ 2,128,481	\$ 456,848
Cash payments to suppliers for goods and services.....	(965,503)	(170,013)	(1,135,516)	(22,856)
Claims paid.....				(518,045)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	818,443	174,522	992,965	(84,053)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payments on advance to other funds.....		(81,607)	(81,607)	
Payments on advance from other funds.....	81,607		81,607	
Principal payments.....	(874,570)		(874,570)	
Interest payments.....	(168,994)	(92,915)	(261,909)	
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(961,957)	(174,522)	(1,136,479)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....	99,896		99,896	33
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES.....	99,896	-	99,896	
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(43,618)		(43,618)	(84,020)
CASH AND CASH EQUIVALENTS - JULY 1, 2009.....	1,745,070		1,745,070	128,761
CASH AND CASH EQUIVALENTS - JUNE 30, 2010.....	\$ 1,701,452	\$ -	\$ 1,701,452	\$ 44,741
RECONCILIATION TO EXHIBIT G - CASH:				
CASH AND CASH EQUIVALENTS PER ABOVE.....	\$ 1,701,452	\$ -	\$ 1,701,452	\$ 44,741
CASH AND CASH EQUIVALENTS REPORTED AS INVESTMENTS.....	(1,701,452)		(1,701,452)	
CASH - EXHIBIT G.....	\$ -	\$ -	\$ -	\$ 44,741
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (410,417)	\$ 9,179	\$ (401,238)	\$ (3,826)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization.....	527,798	111,964	639,762	
(Increase) decrease in:				
Receivables.....	816,254	(6,873)	809,381	(91,847)
Due from other funds.....	(103,478)	27,231	(76,247)	
Increase (decrease) in:				
Accounts and other payables.....	(11,145)	33,021	21,876	11,620
Due to other funds.....			-	
Unearned revenue.....	(569)		(569)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 818,443	\$ 174,522	\$ 992,965	\$ (84,053)

The notes to the financial statements are an integral part of this statement.

**TOWN OF NEWTOWN, CONNECTICUT**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	PENSION TRUST FUND	OPEB TRUST FUND	TOTALS TRUST FUND	AGENCY FUNDS
<b><u>ASSETS</u></b>				
Cash.....	\$ 341,245	\$ 5,668	\$ 346,913	\$ 236,533
Investments at Fair Value:				
Mutual Funds:				
Domestic Equity.....	9,243,806	56,792	9,300,598	
International Equity.....	2,458,766	5,945	2,464,711	
Government Bonds.....	2,668,697	11,528	2,680,225	
Certificates of Deposit.....				184,647
Pooled Fixed Income.....				689,760
U.S. Government Securities.....	694,212		694,212	
U.S. Government Agency Securities.....	2,035,957		2,035,957	
Corporate Bonds.....	7,276,369	89,568	7,365,937	
Total Investments.....	24,377,807	163,833	24,541,640	874,407
Due from other funds.....				279,385
TOTAL ASSETS.....	24,719,052	169,501	24,888,553	1,390,325
<b><u>LIABILITIES</u></b>				
LIABILITIES:				
Accounts payable.....				1,390,325
Due to other funds.....		13,240	13,240	
TOTAL LIABILITIES.....	-	13,240	13,240	1,390,325
<b><u>NET ASSETS</u></b>				
NET ASSETS HELD IN TRUST				
FOR PENSION AND OPEB BENEFITS.....	\$ 24,719,052	\$ 156,261	\$ 24,875,313	\$ -

The notes to the financial statements are an integral part of this statement.

**EXHIBIT K****TOWN OF NEWTOWN, CONNECTICUT**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	PENSION TRUST FUND	OPEB TRUST FUND	TOTALS
<b>ADDITIONS:</b>			
Contributions:			
Employer.....	\$ 850,546	\$ 485,960	\$ 1,336,506
Plan members.....	427,605	532,088	959,693
Total contributions.....	1,278,151	1,018,048	2,296,199
Investment income (loss):			
Net change in fair value of investments.....	1,509,418	(15,447)	1,493,971
Interest and dividends.....	662,273	1,038	663,311
Total investment income (loss).....	2,171,691	(14,409)	2,157,282
Less investment expenses.....	135,117	15,126	150,243
Net investment income (loss).....	2,036,574	(29,535)	2,007,039
<b>TOTAL ADDITIONS.....</b>	<b>3,314,725</b>	<b>988,513</b>	<b>4,303,238</b>
<b>DEDUCTIONS:</b>			
Benefits.....	1,247,875	832,252	2,080,127
<b>CHANGE IN NET ASSETS.....</b>	<b>2,066,850</b>	<b>156,261</b>	<b>2,223,111</b>
<b>NET ASSETS - JULY 1, 2009.....</b>	<b>22,652,202</b>		<b>22,652,202</b>
<b>NET ASSETS - JUNE 30, 2010.....</b>	<b>\$ 24,719,052</b>	<b>\$ 156,261</b>	<b>\$ 24,875,313</b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF NEWTOWN, CONNECTICUT****NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010****HISTORY AND ORGANIZATION**

The Town of Newtown was incorporated on October 11, 1711, and covers an area of 60 square miles. The Town operates under a Selectmen/Board of Finance/Legislative Council/Town Meeting form of government as prescribed by the Connecticut General Statutes and its charter, which was adopted in 1961 and amended in 2001. The Town provides the following services as authorized by its charter: public safety (police and fire), public works (streets and highways), public health and social services, water pollution control and solid waste disposal and education encompassing grades Pre K-12.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, expenditure-type reimbursement grants, certain intergovernmental revenues, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Bonded Projects Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases.

The Town reports the following major proprietary funds:

The *Sewer Fund* accounts for the activities of the Town's sewer operations.

The *Water Fund* accounts for the activities of the Town's water operations.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for risk financing activities for dental insurance benefits as allowed by GASB Statement No. 10.

The *Pension Trust Funds* account for the activities of the Newtown Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *OPEB Trust Fund* accounts for the accumulation of resources for other post employment benefits for qualified employees.

The *Agency Funds* are used to account for student activities, performance bonds and pass-through grants.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town also has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Town's sewer operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and of the Town's internal service fund are charges to customers for sewer use charges and premiums for dental benefits. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

Deposits - The Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - The Town's eligible investments are governed by State of Connecticut Statutes which, in general, allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital and nonrecurring fund, not more than 31% can be invested in equity security. Investment income is recorded in the fund in which it was earned.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Net Assets or Equity (Continued)**

**1. Deposits and Investments (Continued)**

Allowable investments under the pension funds' investment policy consist of investment grade corporate bonds as rated by Standard and Poor's, government bonds issued and guaranteed by the U.S. Treasury and U.S. Agencies, federally insured certificates of deposit, and equities consisting of stocks and mutual funds. Funds may also be invested in the high yield sector (bonds below investment grade) provided the investment is made in mutual funds and does not comprise more than 10% of the equity portion of the portfolio. Professional money managers are employed to manage the assets allocated to them. The board of selectmen, as trustee of the pension plans, is responsible for overall investment policy. Any change in investment manager or individual security purchase must have their approval. The pension committee acts as advisor to the board of selectmen.

Investments for the Town are reported at fair value. State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The balance of the pooled fixed income investments were invested in a 2a-7 like pool, which operates within State Statutes. The fair value of the position in the pool is the same as the value of the pool shares.

**2. Receivables and Payables**

**a. Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**b. Property Taxes and Other Receivables**

In the government-wide financial statements, all property tax, sewer use, and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 28 percent of outstanding receivable balances and are calculated based upon prior collections.

Loan receivables consist of Community Development Block Grant loans. The Town provides low interest loans for residential rehabilitation.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Net Assets or Equity (Continued)**

**2. Receivables and Payables (Continued)**

**b. Property Taxes and Other Receivables (Continued)**

In the fund financial statements, all property taxes receivable at June 30, which have not been collected within sixty days of June 30, have been recorded as deferred revenue, since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the sixty day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July for real estate and personal property tax bills of fifty dollars or more, and are due in two installments, July 1 and January 1. Motor vehicle taxes and taxes amounting to less than fifty dollars are due and payable July 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

**3. Restricted Assets**

The Hawley School Trust, Edmond Town Hall Endowment and Newtown Flagpole funds are restricted to expenditure of the investment income only for the donor designated purpose. Any appreciation of the Hawley School Trust and Edmond Town Hall Endowment funds is also restricted.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities' columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.



TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Net Assets or Equity (Continued)**

**4. Capital Assets (Continued)**

Property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Interlocal agreement rights	30
Sewer plant	50
Sewer transmission lines	100
Roads	75
Bridges	100
Land improvements	20-100
Buildings	20-100
Vehicles	3-30
Equipment	5-30
Intangible assets	30-43

Intangible assets for the governmental activities are non-development rights the Town has purchased on land parcels. These rights are in perpetuity; therefore, they are not amortized.

**5. Compensated Absences**

Employees of the Town and the Board of Education earn sick leave, which can accumulate, and vacation leave based on the provisions of negotiated contracts or other personnel policies. In no case do these sick leave rights vest with the employee. The payment of nonvesting accumulated sick pay benefits depends on the future illness of the employee and, therefore, no liability has been accrued in these financial statements for such payments.

Vacation leave vests with the employee, but is generally required to be taken within the calendar year earned for Town employees and subsequent year for certain Board of Education employees.

**6. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Net Assets or Equity (Continued)**

**6. Long-Term Obligations (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**7. Fund Equity and Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net assets are classified into the following categories:

**Invested in Capital Assets, Net of Related Debt**

This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes and unspent bond proceeds are excluded.

**Restricted Net Assets**

This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

**Unrestricted Net Assets**

This category presents the net assets of the Town which are not restricted.

**8. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

**9. Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund (the only fund for which a legal budget is adopted) financial statements.

- |                                 |  |
|---------------------------------|--|
| By February 1                   | All Town departments, except the School System, submit the budget request to the Board of Selectmen.                                     |
| By February 14                  | The Board of Selectmen reviews budgets with department heads and makes revisions and submits Selectmen's budget to the Board of Finance. |
| By the First Wednesday in March | The Board of Finance holds a public hearing on the budget and reviews and makes revisions.   |
| By March 14                     | The Board of Finance submits the Town of Newtown budget to the Legislative Council.  |
| By the Last Wednesday in March  | The Legislative Council holds a public hearing on the budget and makes final revisions.  |
| On the Fourth Tuesday in April  | The Annual Budget Referendum is presented the budget and votes for adoption.   |
- Within the first 335 days of the fiscal year the First Selectman and Financial Director, in accordance with the provisions of the Charter, are authorized to transfer budgeted appropriations within a department up to \$50,000. All transfers within a department that exceed the sum of \$50,000 shall require the approval of the Board of Finance. The Board of Finance may transfer any unencumbered appropriation from one department to another up to \$200,000. All transfers between departments, which exceed the sum of \$200,000 as well as all contingency transfers, shall require the approval of the Legislative Council. After 335 days, the Legislative Council approves all transfers. The Legislative Council may approve special and/or emergency appropriations up to an aggregate of \$500,000 for any one purpose per year. Special and/or emergency appropriations in excess of \$500,000 for any one purpose per year must be approved at a Town Meeting.
  - During the year, there were no additional appropriations. However, there was a budget amendment during the budget year decreasing the overall budget by \$805,979 to account for declining intergovernmental revenues and other revenues tied to the (declining) economy.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. Budgets and Budgetary Accounting (Continued)**

- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Legislative Council and, if necessary, Town Meeting approval.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.
- Generally, all unencumbered appropriations lapse at year end except those for capital projects funds. Appropriations for capital projects are continued until completion of applicable projects even when projects extend more than one fiscal year. Encumbered appropriations in the general fund are not reappropriated in the ensuing year's budget, but are carried forward.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the capital projects funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**B. Budget - GAAP Reconciliation**

A reconciliation of revenues, expenditures, and fund balance between the accounting treatment required by GAAP (Exhibit D), and budgetary requirements (Exhibit F), is as follows:

	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>FUND BALANCE</u>
BALANCE, BUDGETARY BASIS, EXHIBIT F - JUNE 30, 2010 .....	\$ 99,847,184	\$ 101,307,677	\$ 7,903,051
Teachers' Retirement System on-behalf payments.....	4,952,137	4,952,137	
Continued appropriations and encumbrances outstanding at June 30, 2009 and June 30, 2010 .....			239,043
Encumbrances outstanding at June 30, 2009, liquidated during the year June 30, 2010 .....		1,357,004	
Encumbrances outstanding at June 30, 2010, charged to budgetary expenditures.....		( 1,115,509)	1,115,509
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2010 ....	<u>\$ 104,799,321</u>	<u>\$ 106,501,309</u>	<u>\$ 9,257,603</u>

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**C. Donor Restricted Endowments**

The Town has received certain endowments for the maintenance of Hawley School, Edmond Town Hall and the Newtown flagpole. The amounts are reflected in net assets as restricted for other purposes. Investment income is approved for expenditure by the individual boards of the benefiting activities and is included in unreserved fund balance. Net appreciation is permanently restricted. Investment income available for appropriation is as follows:

Newtown Flagpole ..... \$ 1,770

**D. Capital Projects Authorizations**

The following is a summary of certain Capital Projects at June 30, 2010:

<u>CAPITAL PROJECTS FUND</u>	<u>AUTHORIZATION</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>BALANCE JUNE 30, 2010</u>
High School.....	\$ 41,576,000	\$ 24,745,713	\$ 16,830,287
Community Center - Design & Demolition	1,000,000	511,725	488,275
New Animal Control Facility.....	750,000	6,333	743,667
Police Radio Enhancements.....	494,000		494,000
Treadwell Pool Building Renovation....	405,000	94,891	310,109
Parks & Recreation Maintenance Facility Renovation.....	1,175,000	148,360	1,026,640
Dickinson Park Renovations.....	620,000	204,114	415,886
TOTALS .....	<u>\$ 46,020,000</u>	<u>\$ 25,711,136</u>	<u>\$ 20,308,864</u>

**III. DETAILED NOTES**

**A. Cash and Investments**

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$22,234,152 of the Town's bank balance of \$29,754,657 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized.....	\$19,935,737
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name.....	<u>2,298,415</u>
Total amount subject to custodial credit risk.....	<u>\$22,234,152</u>

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 increased the insurance coverage offered by the Federal Deposit Insurance Corporation (FDIC) from \$100,000 to \$250,000 per depositor. This limit is anticipated to return to \$100,000 after December 31, 2013. Additionally, under the FDIC's Temporary Liquidity Guarantee Program, amounts held in non-interest bearing transaction accounts at participating institutions are fully guaranteed by the FDIC through December 31, 2010. This guarantee is anticipated to be reduced to the \$250,000 limit on January 1, 2011, and the \$100,000 limit on January 1, 2014. The Town had amounts in excess of \$250,000 in a single bank during the year. Amounts over \$250,000 are not insured by the FDIC. These balances fluctuate during the year and can exceed this \$250,000 limit. Management regularly monitors the financial institution, together with its cash balances, and tries to keep this potential risk to a minimum.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

The Town also has a letter of credit securing \$18 million of investments held in a single bank. This letter of credit exceeds approximately \$16.3 million of the uninsured and uncollateralized investments at that bank.

At June 30, 2010, the Town's investments (including restricted investments) consisted of the following types and maturities. Specific identification was used to determine the maturities.

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)				
		N/A	LESS THAN 1	1-5 YEARS	5-10 YEARS	OVER 10
Mutual Funds:						
Domestic Equity .....	\$ 9,925,428	\$ 9,925,428	\$	\$	\$	\$
International Equity .....	2,648,989	2,648,989				
U.S. Government Bonds .....	2,680,223			2,680,223		
Corporate Bond Funds .....	361,157		361,157			
Money Market Mutual Funds .....	37,703		37,703			
Certificates of Deposit .....	26,179,537		24,276,040	1,903,497		
Pooled Fixed Income .....	4,091,205		4,091,205			
U.S. Government Securities .....	694,212					694,212
U.S. Government Agency Securities .....	2,035,957		300,282		1,049,935	685,740
Corporate Bonds .....	7,390,949		415,316	4,257,752	1,596,442	1,121,439
<b>TOTAL .....</b>	<b>\$56,045,360</b>	<b>\$12,574,417</b>	<b>\$29,481,703</b>	<b>\$ 8,841,472</b>	<b>\$2,646,377</b>	<b>\$2,501,391</b>

Interest rate risk - To minimize interest rate risk The Town's policy requires the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds should primarily be invested in shorter-term securities, money market mutual funds, or similar investment pools.

Credit risk - The Town's policy states credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institutions with which the town will do business. The Town is only allowed to invest in those types of investments that are covered by the State of Connecticut Municipal Investment Act. The investment portfolio must be diversified so that potential losses on individual securities will be minimized.

The Town's investments subject to credit risk had average ratings by Standard & Poor's as follow:

AVERAGE RATING	POOLED FIXED INCOME	CORPORATE BONDS	U.S. GOVERNMENT SECURITIES	U.S. GOVERNMENT AGENCY SECURITIES	MONEY MARKET MUTUAL FUNDS	CORPORATE BOND MUTUAL FUNDS	U.S. GOVERNMENT BOND MUTUAL FUNDS
AAA .....	\$ 4,091,205	\$ 247,829	\$	\$ 791,768	\$	\$	\$
AA .....		997,102					
A .....		2,450,495					
BBB .....		1,949,961					
B .....		275,071					
D .....		40,248					
Unrated/government...		1,430,243	694,212	1,244,189	37,703	361,157	2,680,223
<b>TOTAL .....</b>	<b>\$ 4,091,205</b>	<b>\$ 7,390,949</b>	<b>\$ 694,212</b>	<b>\$ 2,035,957</b>	<b>\$ 37,703</b>	<b>\$ 361,157</b>	<b>\$ 2,680,223</b>

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

Custodial credit risk - The Town does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The following Town investments are held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk.

Certain investments are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

	<u>TOTAL</u>	<u>LESS INSURED AMOUNTS</u>	<u>AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK</u>
U.S. Government Securities.....	\$ 694,212	\$ 500,000	\$ 194,212
U.S. Government Agency Securities .....	2,035,957		2,035,957
Corporate Bonds .....	7,390,949	25,012	7,365,937
TOTAL.....	<u>\$ 10,121,118</u>	<u>\$ 525,012</u>	<u>\$ 9,596,106</u>

**B. Receivables**

Receivables as of year end for the Town's government-wide financial statements by type, including the applicable allowances for uncollectibles, are as follows:

	<u>PROPERTY TAXES</u>			<u>CDBG LOANS</u>
	<u>TAXES</u>	<u>INTEREST AND LIEN FEES</u>	<u>TOTAL</u>	
Current portion .....	<u>\$ 701,249</u>	<u>\$ 307,634</u>	<u>\$ 1,008,883</u>	<u>\$</u>
Long-term portion .....	\$ 685,957	\$ 446,945	\$ 1,132,902	\$ 257,071
Less allowance for uncollectibles.....	<u>( 190,000)</u>	<u>( 215,000)</u>	<u>( 405,000)</u>	<u>( 5,141)</u>
Net long-term portion.....	<u>\$ 495,957</u>	<u>\$ 231,945</u>	<u>\$ 727,902</u>	<u>\$ 251,930</u>

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**B. Receivables (Continued)**

	<u>SEWER AND WATER USE CHARGES</u>			
	<u>SEWER USE CHARGES</u>	<u>INTEREST AND LIEN FEES</u>	<u>WATER USE CHARGES</u>	<u>TOTAL</u>
Receivable amount .....	\$ 122,694	\$ 7,850	\$ 77,452	\$ 207,996
Less allowance for uncollectibles.....	( 2,279)	( 379)		( 2,658)
Net receivable.....	<u>\$ 120,415</u>	<u>\$ 7,471</u>	<u>\$ 77,452</u>	<u>\$ 205,338</u>

There was no allowance applied to the sewer assessment receivable since the amounts are liened and the lien stays with the property and not the owner.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

**DEFERRED REVENUE:**

Delinquent property taxes receivable (general fund) .....	\$ 1,179,914
Loan receivable not yet earned (special revenue fund) .....	257,071

**UNEARNED REVENUE:**

Advance tax collections (general fund) .....	99,600
Unearned revenue on park and recreation fees and school lunch (special revenue fund) .....	253,678
Grant drawdowns prior to meeting all eligibility requirements (special revenue fund) .....	<u>37,312</u>

TOTAL UNEARNED REVENUE FOR GOVERNMENTAL FUNDS ..... \$ 1,827,575

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	BALANCE JULY 1, 2009	INCREASES	DECREASES	BALANCE JUNE 30, 2010
<b><u>Governmental Activities:</u></b>				
<b><u>Capital Assets, not being Depreciated:</u></b>				
Land.....	\$ 22,747,225	\$ 910,190	\$	\$ 23,657,415
Intangible assets .....	3,687,270			3,687,270
Construction in progress .....	26,191,767	26,818,463	25,985,482	27,024,748
Total Capital Assets, not being Depreciated .....	<u>52,626,262</u>	<u>27,728,653</u>	<u>25,985,482</u>	<u>54,369,433</u>
<b><u>Capital Assets, being Depreciated:</u></b>				
Buildings and systems.....	103,349,518	12,651,374	533,738	115,467,154
Land improvements.....	7,269,747	7,933,773	65,000	15,138,520
Machinery and equipment.....	8,647,107	747,339	171,066	9,223,380
Vehicles.....	9,240,249	895,213	192,198	9,943,264
Infrastructure .....	56,198,137	5,791,505	23,339	61,966,303
Total Capital Assets, being Depreciated .....	<u>184,704,758</u>	<u>28,019,204</u>	<u>985,341</u>	<u>211,738,621</u>
Total Capital Assets.....	<u>237,331,020</u>	<u>55,747,857</u>	<u>26,970,823</u>	<u>266,108,054</u>



TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**C. Capital Assets (Continued)**

	BALANCE JULY 1, 2009	INCREASES	DECREASES	BALANCE JUNE 30, 2010
<u>Less Accumulated Depreciation for:</u>				
Buildings and systems.....	\$ 17,272,225	\$ 1,567,795	\$ 314,007	\$ 18,526,013
Land improvements.....	1,834,848	462,031	18,475	2,278,404
Machinery and equipment.....	4,452,846	613,365	138,505	4,927,706
Vehicles.....	3,390,351	612,253	148,055	3,854,549
Infrastructure.....	9,088,792	808,992	13,458	9,884,326
Total Accumulated Depreciation .....	36,039,062	4,064,436	632,500	39,470,998
Total Capital Assets, being Depreciated, net .....	148,665,696	23,954,768	352,841	172,267,623
Governmental Activities Capital Assets, net.....	\$201,291,958	\$51,683,421	\$26,338,323	\$ 226,637,056
	BALANCE JULY 1, 2009	INCREASES	DECREASES	BALANCE JUNE 30, 2010
<u>Business-Type Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land.....	\$ 1,000	\$	\$	\$ 1,000
<u>Capital Assets, being Depreciated:</u>				
Intangible assets .....	1,361,000			1,361,000
Plant and pumping stations.....	13,644,082			13,644,082
Sewer distribution system .....	20,228,832			20,228,832
Water distribution system .....	2,275,502			2,275,502
Equipment.....	64,415			64,415
Vehicles.....	112,253			112,253
Total Capital Assets, being Depreciated .....	37,686,084	-	-	37,686,084
Total Capital Assets.....	37,687,084	-	-	37,687,084
<u>Less Accumulated Depreciation for:</u>				
Intangible assets .....	566,189	43,351		609,540
Plant and pumping stations.....	3,151,496	279,078		3,430,574
Sewer distribution system .....	2,729,474	217,992		2,947,466
Water distribution system .....	449,974	86,316		536,290
Equipment.....	21,472	6,441		27,913
Vehicles.....	28,640	6,584		35,224
Total Accumulated Depreciation .....	6,947,245	639,762	-	7,587,007
Total Capital Assets, being Depreciated, net .....	30,738,839	(639,762)	-	30,099,077
Business-Type Activities Capital Assets, net.....	\$ 30,739,839	\$ (639,762)	\$ -	\$ 30,100,077

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**C. Capital Assets (Continued)**

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities:</u>	
General government.....	\$ 321,572
Public safety.....	602,860
Public works .....	1,083,568
Health and welfare .....	20,017
Recreation .....	422,020
Education .....	<u>1,614,399</u>
Total Depreciation Expense - Governmental Activities .....	<u>\$ 4,064,436</u>
<u>Business-type Activities:</u>	
Sewer.....	\$ 527,798
Water.....	<u>111,964</u>
Total .....	<u>\$ 639,762</u>

**Construction Commitments**

At June 30, 2010, the Town had the following construction commitments:

High School .....	<u>\$16,817,719</u>
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**D. Interfund Accounts**

**1. Interfund Payables and Receivables**

A summary of interfund balances as of June 30, 2010 is as follows:

	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<u>MAJOR FUNDS:</u>			
GENERAL FUND:			
Bonded projects .....	N/A	\$	\$ 11,762,415
Capital and nonrecurring .....	N/A		617,519
Sewer fund .....	N/A		146,044
Water fund.....	N/A		165,540
Town gifts fund.....	N/A		146,833
Law enforcement fund .....	N/A		17,217
Septage management ordinance .....	N/A		23,150
Town recreation fund.....	N/A		88,820
Teen center .....	N/A		32,061
Police private duty .....	N/A	64,925	
Town aid road .....	N/A		3,595
Miscellaneous grants.....	N/A	90,447	
Eichlers cove marina.....	N/A		134,458

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts (Continued)**

**1. Interfund Payables and Receivables (Continued)**

	CORRESPONDING FUND	DUE FROM	DUE TO
GENERAL FUND: (CONTINUED)			
Hawley school maintenance .....	N/A	\$	\$ 103,733
Dog fund .....	N/A		29,783
Fairfield hills special revenue fund.....	N/A		97,577
Performance bonds .....	N/A		54,410
Historic documents .....	N/A		33,973
Debt service.....	N/A		301,517
Senior center .....	N/A		1,244
Driveway bonds .....	N/A		224,975
Flag pole.....	N/A		3,656
Newtown cultural arts .....	N/A		14,190
OPEB trust .....	N/A	13,240	
TOTAL GENERAL FUND.....		168,612	14,002,710
BONDED PROJECTS:			
Bonded projects .....	General Fund	11,762,415	
PROPRIETARY FUNDS:			
Sewer department.....	General Fund	146,044	
Water fund.....	General Fund	165,540	
TOTAL PROPRIETARY FUNDS .....		311,584	-
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Town gifts fund.....	General Fund	146,833	
Law enforcement fund .....	General Fund	17,217	
Septage management ordinance .....	General Fund	23,150	
Town recreation fund.....	General Fund	122,125	
Eichlers cove marina.....	General Fund	134,458	
Town aid road .....	General Fund	3,595	
Miscellaneous grants.....	General Fund		90,447
Police private duty .....	General Fund		64,925
Dog fund .....	General Fund	29,783	
Fairfield Hills special revenue .....	General Fund	97,577	
Historic documents .....	General Fund	33,973	
Newtown cultural arts committee.....	General Fund	14,190	
TOTAL SPECIAL REVENUE FUNDS.....		622,901	155,372
DEBT SERVICE FUND .....	General Fund	301,517	
CAPITAL AND NONRECURRING.....	General Fund	617,519	
PERMANENT FUNDS .....	General Fund	107,389	
TOTAL NONMAJOR FUNDS.....		1,649,327	155,372
FIDUCIARY FUNDS:			
Driveway bonds .....	General Fund	224,975	
Performance bonds .....	General Fund	54,410	
OPEB trust .....	General Fund		13,240
TOTAL FIDUCIARY FUNDS .....		279,385	13,240
GRAND TOTAL .....		\$ 14,171,322	\$ 14,171,322

All interfund balances resulted from the time lag between the date payments occurred between funds for short-term internal financing.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts (Continued)**

**2. Interfund Transfers**

A summary of interfund transfers as of June 30, 2010 is as follows:

	<u>CORRESPONDING FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
<b>MAJOR FUNDS:</b>			
<b>GENERAL FUND:</b>			
Edmond Town hall .....	N/A	\$ 119,190	\$ 209,000
Police private duty .....	N/A		
Capital projects .....	N/A		92,060
Capital and nonrecurring .....			129,070
<b>TOTAL GENERAL FUND .....</b>		<b>119,190</b>	<b>430,130</b>
<b>CAPITAL PROJECTS:</b>			
Capital projects .....	Debt Service		21,946
Capital projects .....	General Fund	92,060	
<b>TOTAL CAPITAL PROJECTS .....</b>		<b>92,060</b>	<b>21,946</b>
<b>NONMAJOR FUNDS:</b>			
<b>SPECIAL REVENUE FUNDS:</b>			
Edmond Town hall .....	General Fund	209,000	
Police private duty .....	General Fund		119,190
Town gifts fund .....	Town Gifts Fund		4,367
Cultural arts fund .....	Cultural Arts Fund	4,367	
Debt service .....	Capital Projects	21,946	
Capital and nonrecurring .....	General Fund	129,070	
<b>TOTAL SPECIAL REVENUE FUNDS .....</b>		<b>364,383</b>	<b>123,557</b>
<b>GRAND TOTAL .....</b>		<b>\$ 575,633</b>	<b>\$ 575,633</b>

Transfers are used to account for the financing by the general fund of various program and activities in other funds.

**3. Advances**

A summary of interfund advances as of June 30, 2010 is as follows:

	<u>CORRESPONDING FUND</u>	<u>ADVANCES IN</u>	<u>ADVANCES OUT</u>
<b>MAJOR FUNDS:</b>			
Water fund .....	Sewer Fund	\$ 1,118,393	\$
Sewer department .....	Water Fund		1,118,393
<b>GRAND TOTAL .....</b>		<b>\$ 1,118,393</b>	<b>\$ 1,118,393</b>

The Water Pollution Control Authority approved a loan for water fund expenses. Interest accrues at 4%.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**E. Short-Term Obligations - Bond Anticipation Notes**

The Town is using bond anticipation notes during the construction of the high school addition prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the year ended June 30, 2010 was as follows:

<u>TYPE OF OBLIGATION</u>	<u>BALANCE JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>JUNE 30, 2010</u>
Bond Anticipation Notes:				
Schools .....	\$	\$31,000,000	\$11,000,000	\$ 20,000,000
General Purpose .....		1,000,000	1,000,000	
Total .....	\$ -	\$32,000,000	\$12,000,000	\$ 20,000,000

The bond anticipation notes mature in February 2011 and carry an interest rate of 1.75% with a yield of 0.32%.

**F. Changes in Long-Term Obligations**

**1. Summary of Changes**

The following is a summary of changes in long-term obligations during the fiscal year:

General Long-term Obligations:

<u>DESCRIPTION</u>	<u>ORIGINAL AMOUNT</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>RE- FUNDED</u>	<u>BALANCE JUNE 30, 2010</u>	<u>CURRENT PORTION</u>
<b><u>BONDS/NOTES</u></b>										
<u>General Purpose:</u>										
Improvement bond ...	\$ 1,310,000	1991	2011	6.1%-6.7%	\$ 191,000	\$	\$ 65,500	\$	\$ 125,500	\$ 65,500
Improvement bond ...	2,570,000	10/15/00	2010	4.55%-4.75%	110,000		110,000		-	
Refunding issue - 2005 .....	4,380,800	12/15/04	2020	3.25%-4.00%	2,698,400		362,900		2,335,500	358,500
Improvement bond ...	7,325,000	12/15/04	2020	3.25%-4.00%	5,482,500		365,500	2,481,863	2,635,137	224,016
Improvement bond ...	8,340,000	12/15/05	2025	3.5%-4.0%	6,660,000		420,000	2,910,000	3,330,000	420,000
Improvement note ....	1,044,000	06/28/06	2010	2.5%	261,000		261,000		-	
Improvement bond ...	9,460,000	01/15/07	2026	3.75%-4.5%	8,035,000		475,000	3,320,000	4,240,000	475,000
Improvement bond ...	8,020,000	11/27/07	2027	3.5%-5.5%	7,220,000		400,000	2,400,000	4,420,000	400,000
Improvement note ....	1,000,000	11/01/07	2010	3%	500,000		500,000		-	
Improvement note ....	500,000	01/24/08	2010	3%	250,000		250,000		-	
Improvement note ....	350,000	12/18/07	2010	3%	100,000		100,000		-	
Improvement note ....	100,000	12/18/07	2010	3%	100,000		100,000		-	
Improvement bond ...	4,535,000	02/01/09	2019	0.6%-3.0%	4,535,000		1,415,000		3,120,000	350,000
Refunding issue - 2009 .....	472,900	05/12/09	2021	0.65%-3.52%	472,900				472,900	
Refunding issue - 2009 Series B .....	10,819,400	08/25/09	2019	20-05%		10,819,400	81,300		10,738,100	
Improvement bonds .	7,332,714	02/15/10	2028	20-04%		7,332,714			7,332,714	441,514
Improvement note ....	3,500,000	08/24/08	2029	6%	3,417,640		3,417,640		-	
Total General Purpose	53,157,700				40,033,440	18,152,114	8,323,840	11,111,863	38,749,851	2,734,530

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**1. Summary of Changes (Continued)**

General Long-term Obligations: (Continued)

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2009	ADDITIONS	DEDUCTIONS	RE- FUNDED	BALANCE JUNE 30, 2010	CURRENT PORTION
<b>BONDS/NOTES</b>										
<u>Schools:</u>										
School bond .....	\$ 7,760,000	1991	2011	6.1%-6.7%	\$ 1,149,000	\$	\$ 389,500	\$	\$ 759,500	\$ 389,500
School bond .....	720,000	10/15/00	2010	4.55%-4.75%	30,000		30,000		-	
School bond .....	8,950,000	06/15/02	2022	3%-5%	1,350,000		450,000		900,000	450,000
School bond - 2005..	18,967,400	12/15/04	2020	3%-4%	11,192,600		1,635,500		9,557,100	1,616,100
School bond .....	5,085,000	12/15/04	2020	3.25%-4.00%	3,817,500		254,500	1,728,137	1,834,863	155,984
School bond .....	2,750,000	11/27/07	2027	3.5%-5.5%	2,470,000		140,000	840,000	1,490,000	140,000
School bond .....	850,000	02/01/09	2019	0.6%-3.0%	850,000		85,000		765,000	85,000
School bond - 2009..	8,812,100	05/12/09	2021	0.65%-3.52%	8,812,100		810,000		8,002,100	520,000
School bond - 2009 Series B.....	2,500,000	8/24/2009	2019	2 - 5%		2,500,600	18,700		2,481,900	
School bond .....	6,897,286	2/15/2010	2028	2 - 4%		6,897,286			6,897,286	378,486
Total School Bonds...	54,232,400				29,671,200	9,397,886	3,813,200	2,568,137	32,687,749	3,735,070
<u>Sewer:</u>										
Sewer bond .....	2,000,000	1991	2011	6.1%-6.7%	295,000		100,000		195,000	100,000
Refund issue - 2005.	698,400	12/15/04	2020	3%-4%	482,000		45,800		436,200	45,200
Clean water .....	4,570,000	06/30/97	2017	2%	1,912,709		238,773		1,673,936	243,592
Clean water .....	516,000	06/30/03	2023	2.1%	379,510		23,567		355,943	24,067
Total Sewer Bonds....	7,784,400				3,069,219		408,140		2,661,079	412,859
<u>Water:</u>										
Drinking water .....	171,738	06/29/2006	2026	2.32%	145,560		7,327		138,233	7,499
TOTAL BONDS/NOTES .....					72,919,419	27,550,000	12,552,507	13,680,000	74,236,912	6,889,958
PREMIUM.....					806,259	1,327,714	144,384		1,989,589	
DEFERRED CHARGES .....					( 952,187)	( 810,091)	154,820		( 1,607,458)	
TOTAL BONDS/NOTES AND RELATED LIABILITIES.....					72,773,491	28,067,623	12,542,071	13,680,000	74,619,043	6,889,958
LANDFILL CLOSURE COSTS.....					272,000		17,000		255,000	17,000
CAPITAL LEASES .....					340,000		49,735		290,265	52,321
COMPENSATED ABSENCES .....					786,049	999,903	912,616		873,336	157,210
EARLY RETIREMENT INCENTIVE.....					56,000	32,000	24,000		146,017	24,000
OTHER POST EMPLOYMENT BENEFIT OBLIGATION.....					126,234		52,161		74,073	
TOTAL LONG-TERM OBLIGATIONS.....					\$ 74,353,774	\$ 29,099,526	\$13,597,583	\$13,680,000	\$76,175,717	\$7,140,489

All long-term liabilities are generally liquidated by the General Fund.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**1. Summary of Changes (Continued)**

General Long-term Obligations: (Continued)

Enterprise Fund:

The following are the changes in long-term obligations, which will be funded from enterprise fund operations:

SEWER NOTES	YEAR OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2009	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2010	CURRENT PORTION
Improvement Bonds.....	2020	3%-4%	\$ 482,000	\$	\$ 45,800	\$ 436,200	\$ 45,200
Clean Water Fund Notes.....	2018	2.00%	7,439,818		828,770	6,611,048	845,496
TOTAL BONDS/NOTES.....			7,921,818	-	874,570	7,047,248	890,696
PREMIUM.....			8,779		8,779	-	
DEFERRED CHARGES .....			( 12,650)		( 1,150)	( 11,500)	
TOTAL BONDS AND RELATED LIABILITIES .....			\$ 7,917,947	\$ -	\$ 882,199	\$ 7,035,748	\$ 890,696

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and of debt maturities:

YEAR ENDING JUNE 30,	TO BE PROVIDED BY STATE		LONG-TERM DEBT BOND/NOTE MATURITIES				ENTERPRISE FUNDS BOND/NOTE MATURITIES				TEACHERS' EARLY RETIREMENT CONTRACTS	
	PRINCIPAL	INTEREST	PRINCIPAL BOND	INTEREST NOTE	PRINCIPAL BOND	INTEREST NOTE	PRINCIPAL BOND	INTEREST NOTE	PRINCIPAL BOND	INTEREST NOTE		
2011	\$ 721,640	\$ 141,873	\$ 6,614,800	\$ 275,158	\$ 2,552,442	\$ 41,626	\$ 45,200	\$ 845,494	\$ 17,223	\$ 124,501	\$ 16,000	
2012	708,715	110,921	6,595,000	280,760	2,305,895	36,023	45,000	862,561	15,415	107,434	8,000	
2013	542,606	88,082	6,560,600	286,477	2,065,795	30,306	44,400	879,970	13,840	90,025	8,000	
2014	511,378	68,364	6,406,000	292,311	1,854,096	24,472	44,000	897,734	12,064	72,263		
2015	506,173	49,764	6,361,500	298,263	1,650,200	18,520	43,500	915,851	10,304	54,144		
2016	502,270	31,335	6,346,800	304,337	1,424,534	12,446	43,200	934,338	8,564	35,657		
2017	79,391	13,030	4,056,600	172,538	1,203,836	6,822	43,400	953,198	6,836	16,757		
2018	79,391	10,083	4,051,600	36,694	1,070,235	5,243	43,400	321,902	5,100	1,342		
2019	78,090	7,135	4,047,500	37,492	922,958	4,445	42,500		3,364			
2020	76,789	4,217	3,593,400	38,307	794,409	3,630	41,600		1,664			
2021	15,635	1,329	3,175,000	39,140	671,223	2,797						
2022	15,634	665	3,170,000	39,991	549,354	1,946						
2023			2,715,000	40,861	435,476	1,076						
2024			2,715,000	10,135	330,079	491						
2025			2,095,000	10,373	222,325	253						
2026			1,680,000	5,275	141,231	36						
2027			1,210,000		75,050							
2028			675,000		27,000							
TOTALS	\$3,837,712	\$ 526,798	\$ 72,068,800	\$2,168,112	\$ 18,296,138	\$ 190,132	\$ 436,200	\$6,611,048	\$ 94,374	\$ 502,123	\$ 32,000	

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**2. Landfill Closure and Post-Closure Care Costs**

The Town closed its landfill in 1995. State and Federal laws and regulations require landfill closures to meet certain standards. Monitoring costs for the next 15 years at \$17,000 per year are \$255,000. These amounts are based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

**3. Capital Lease**

The Town has entered into a lease agreement for the purchase of police equipment. The annual payments for the agreement are provided for by annual general fund appropriations.

The assets acquired through capital leases are as follows:

Asset:	
Equipment .....	\$ 400,000
Less accumulated depreciation .....	<u>28,571</u>
Total .....	<u>\$ 371,429</u>

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments at June 30, 2010.

YEAR ENDING  
JUNE 30,

2011	\$ 67,415
2012	67,415
2013	67,415
2014	67,415
2015	67,415
Less: amount representing interest	<u>( 46,810)</u>
Present value of minimum lease payments	<u>\$ 290,265</u>

**4. Termination Benefits**

The Board of Education provides early retirement incentive benefits to 5 former employees. Benefits are paid annually based on the retirement agreement for each employee from the Board of Education budget. Benefits are payable through 2014. During the fiscal year ended June 30, 2010, \$24,000 was paid for their benefits.



TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**5. Statutory Debt Limitations**

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

<u>CATEGORY</u>	<u>DEBT LIMIT</u>	<u>NET INDEBTEDNESS</u>	<u>BALANCE</u>
General purpose.....	\$ 203,582,189	\$ 38,749,851	\$ 164,832,338
Schools.....	407,164,379	48,850,037	358,314,342
Sewers.....	339,303,649	631,200	338,672,449
Urban renewal.....	294,063,162		294,063,162
Pension deficit.....	271,442,919		271,442,919

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$633,366,811.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$3,837,712 for bond principal is reflected as deductions in the computation of net indebtedness.

**6. Authorized/Unissued Debt**

At June 30, 2010, the Town had authorized unissued debt as follows:

	<u>AUTHORIZED UNISSUED DEBT</u>
Open space acquisition .....	\$ 496,286
Various improvements .....	750,000
Refunding.....	815,000
High school.....	30,288,000
Middle school roof.....	<u>4,257,690</u>
TOTAL.....	<u>\$ 36,606,976</u>

The refunding authorized unissued debt automatically lapses on December 31, 2010.

**7. Prior Years Advance Refundings**

In prior years, the Town has defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. As of June 30, 2010, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$34,280,000.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**8. Current Year Advance Refunding**

On August 6, 2009, the Town issued \$13,320,000 of general obligation refunding bonds with interest rates of 2% to 5%. These refunding bonds were issued to advance refund and defease bonds issued December 15, 2004, December 15, 2005, January 15, 2007, and November 27, 2007. The refunding resulted in an economic gain of \$471,001 with a total savings of \$790,671.

**9. Subsequent Event**

In September 2010, the Town issued \$8,910,000 of refunding bond, at an interest rate ranging from 2.5% - 5%, maturing in July 2023. These bonds refunded bonds, issued in December 2004, December 2005, January 2007, November 2007 and February 2010.

**IV. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disaster; public official liability; and police professional liability. The Town generally obtains commercial insurance for these risks. The Board of Education has chosen to retain the risks for dental claims. Settled claims have not exceeded commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from coverage in the prior year. The administrators are responsible for the approval, processing and payment of dental claims, for which they receive an administrative fee. Administrative fees are paid directly from annual appropriations for the Board of Education self-funded dental reserve.

The following is a summary of changes in the claims liabilities:

	CLAIMS PAYABLE <u>JULY 1</u>	CURRENT YEAR CLAIMS AND CHANGES IN <u>ESTIMATES</u>	CLAIMS <u>PAID</u>	CLAIMS PAYABLE <u>JUNE 30</u>
2008-2009 .....	\$ 42,789	\$ 503,416	\$ 502,902	\$ 43,303
2009-2010 .....	43,303	529,665	518,045	54,923

The claims liability reported in the internal service fund is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION**

**B. Commitments and Litigation**

Construction (if any) and other commitments have been reported as a reserve for commitments in the fund equity section of the balance sheet.

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**C. Pension Plans**

**1. Plan Description**

Summary

The Town contributes to three pension plans (Selectmen and Board of Education Personnel, Police Personnel, and Elected Officials). Two of the plans, the Selectmen and Board of Education Personnel and the Police Personnel, are single employer, contributory, defined benefit pension plans. The Elected Officials plan is a single employer defined contribution pension plan (see Note IV.C.9). All three pension plans are included in the financial statements as one pension trust fund. The fund's pooled investments may be used to pay benefits to members or beneficiaries of any of the three plans. The plans do not issue separate, stand alone financial reports.

Plan benefit and contribution requirements are established by plans amended and restated on January 1, 2003, for the Selectman and Board of Education Personnel plan and January 1, 1986, for the Police Personnel and Elected Officials plans. The plan benefits and amendments are approved by Town Council.

**2. Summary of Significant Accounting Policies and Plan Asset Matters**

**a. Basis of Accounting**

The pension trust fund financial statements are prepared on the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contractual requirements, investment income is recognized when it is earned and expenses (benefits, administration and refunds) are recognized when they are due and payable in accordance with terms of the plan.

**b. Valuation of Investments**

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plans (Continued)**

**3. Classes of Employees Covered**

Based on the actuarial valuation report dated July 1, 2009, membership consisted of:

	SELECTMEN AND BOARD OF EDUCATION	POLICE
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.....	108	23
Active employees.....	<u>341</u>	<u>46</u>
TOTAL .....	<u>449</u>	<u>69</u>

**4. Benefit Provisions**

**a. Benefit Provisions**

Selectmen and Board of Education Personnel

This plan covers Board of Selectmen, uncertified Board of Education and Civilian Police Department personnel. Employees of other organizations including the Cyrenius H. Booth Library, the Children's Adventure Center, Inc. and the Newtown District Department of Health are also covered under the plan. Each employee may enter the plan after six months of full time service. Vesting of benefits occurs after ten years of service (five years for non-highly compensated department heads). The plan also provides disability benefits after ten years of completed service and a death benefit equal to the return of employee contributions with interest. Administrative costs are financed from investment earnings.

Police Personnel

This plan covers sworn police personnel. These employees may enter the plan after six months of full time service. Normal retirement is after 25 years of credited service or at age 60 with at least ten years of continuous credited service. There are three retired members of the plan who are eligible for cost of living adjustments. There is no cost of living adjustment for any other currently active or retired member. Early retirement may be taken after completing 20 years of service. The plan also provides disability benefits after one year of service and a death benefit equal to the return of employee contributions with interest. Administrative costs are financed from investment earnings.

**b. Employer Contributions**

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. Administrative costs are generally financed through investment earnings.

**c. Employee Contributions**

Selectmen and Board of Education	2% of their base earnings to the plan
Police	5% of total compensation up to a maximum of 125% of basic compensation.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plans (Continued)**

**5. Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2010 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER/ (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>POLICE PERSONNEL PLAN</u>						
July 1, 2010	\$11,419,366	\$12,755,005	\$( 1,335,669)	89.5%	\$ 3,579,566	37.3%
<u>SELECTMAN AND BOARD OF EDUCATION PERSONNEL PLAN</u>						
July 1, 2010	\$17,146,590	\$17,709,414	\$ 562,824	96.8%	\$13,109,110	4.3%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, immediately following the notes to the financial statements (RSI), presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

**6. Actuarial Assumptions**

The data presented in the schedules of funding progress (RSI) and schedules of employer contributions (Note IV.C.5) were determined as part of the actuarial valuation at the date indicated. Additional information for both plans as of the latest valuation is as follows:

VALUATION DATE .....	JULY 1, 2010
ACTUARIAL COST METHOD .....	PROJECTED UNIT CREDIT
AMORTIZATION METHOD .....	LEVEL DOLLAR-CLOSED
REMAINING AMORTIZATION PERIOD .....	15 YEARS
ASSET VALUATION METHOD .....	5 YEAR SMOOTHING
ACTUARIAL ASSUMPTIONS:	
Investment rate of return .....	8%
Projected salary increases:	
Inflation .....	2.5%
Merit .....	2.5%

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plans (Continued)**

**7. Annual Pension Cost and Net Pension Asset (NPA)**

The changes in the NPA were as follows:

	SELECTMEN AND BOARD OF EDUCATION PERSONNEL	POLICE
Annual required contribution.....	\$ 492,222	\$ 342,670
Interest on net pension obligation.....	( 21,694)	( 5,104)
Adjustment to annual required contribution.....	31,681	7,453
Annual pension cost .....	502,209	345,019
Contributions made .....	493,236	344,475
Increase (decrease) in net pension asset .....	8,973	544
Net pension asset - July 1, 2009.....	( 271,175)	( 63,794)
Net pension asset - June 30, 2010.....	<u>\$( 262,202)</u>	<u>\$( 63,250)</u>

The net pension asset was determined in accordance with GASB Statement No. 27.

**8. Three Year Trend Information**

YEAR ENDING JUNE 30	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION ASSET
<u>SELECTMEN AND BOARD OF EDUCATION PERSONNEL</u>			
2010	\$ 502,209	98.2%	\$ 262,202
2009	384,984	97.3%	271,175
2008	424,817	97.9%	281,564
<u>POLICE</u>			
2010	\$ 345,019	99.8%	\$ 63,250
2009	328,351	99.2%	63,794
2008	289,717	100.5%	66,301

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plans (Continued)**

**9. Elected Officials**

The Town administers a single employer defined contribution plan, which covers certain elected officials and “at will” employees of the Town. The plan is included in the Town's financial statements in the pension trust fund. At June 30, 2010, the net assets available for benefits include \$82,400 of assets designated for this plan. Significant accounting policies are the same as those discussed under defined benefit plans (Note IV.C.2). The Board of Selectmen approved and adopted this plan on July 7, 1986, and they have the authority to make any subsequent amendments.

At June 30, 2010, there were two elected officials and two “at will” employees covered under the plan. All salaried, full time elected officials and such other salaried, full time appointed officials as designated by the Board of Selectmen can participate in the plan on the January 1 following or coincident with their commencement of employment with the Town. A participant's employer contribution account fully vests at age 50 or on termination of employment with the Town. At age 65, participants are entitled to a lump-sum payment as a retirement benefit. The Town is required to contribute 6% of each participant's compensation for the year, and each participant must contribute 2% of their compensation to the plan. For the year ended June 30, 2010, employer contributions were \$12,835 and employee contributions totaled \$4,278.

**D. Other Post-Employment Benefits Plan**

**1. Plan Description**

The Town administers one single-employer, post retirement healthcare plan for the Town of Newtown Other Post Employment Benefits (OPEB). The plan provides medical and dental benefits for eligible retirees and their spouses. The plan does not issue stand alone financial reports.

**2. Benefit Provisions**

**a. Benefit Provisions**

The plan provides for medical and dental benefits for all eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations.

**b. Employer Contributions**

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town's total plan contribution was \$485,960.

**c. Employee Contributions**

There are no employee contributions to the plan.

TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Other Post-Employment Benefits Plan (Continued)**

**3. Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2009 was as follows (no valuation performed in 2010):

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER/ (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1, 2009	\$ -	\$ 3,761,700	\$ (3,761,700)	0.0%	\$34,779,302	-(10.8)%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, immediately following the notes to the financial statements (RSI) presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

**4. Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarially accrued liabilities and the actuarial value of assets.

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

VALUATION DATE	July 1, 2009
ACTUARIAL COST METHOD	Projected Unit Credit
AMORTIZATION METHOD	Level Percentage
REMAINING AMORTIZATION PERIOD:	30 years closed
ASSET VALUATION METHOD	Fair Value

**ACTUARIAL ASSUMPTIONS:**

Investment rate of return	7.5%
Healthcare inflation rate:	
Initial	10%
Ultimate	5%



TOWN OF NEWTOWN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Other Post-Employment Benefits Plan (Continued)**

**5. Annual OPEB Cost and Net OPEB Obligation (NOO)**

The changes in the NOO were as follows:

Annual required contribution .....	\$ 430,949
Adjustment to annual required contribution .....	<u>2,850</u>
Annual OPEB cost .....	433,799
Contributions made .....	<u>485,960</u>
Change in net OPEB obligation .....	(52,161)
Net OPEB obligation - July 1, 2009 .....	<u>126,234</u>
Net OPEB obligation - June 30, 2010 .....	<u>\$ 74,073</u>

**6. Two Year Trend Information**

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
2010	\$ 433,799	112.0%	\$ 74,073
2009	405,062	68.8%	126,234

**E. On-Behalf Payments**

The amount recognized in the general fund intergovernmental revenues and education expenditures for contributions made by the State to the State Teachers' Retirement Plan was \$4,952,137.

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## **Required Supplementary Information**

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TOWN OF NEWTOWN, CONNECTICUT

## REQUIRED SUPPLEMENTARY INFORMATION

NEWTOWN RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS**POLICE PERSONNEL PLAN**

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1,						
2005	\$ 9,264,779	\$ 9,515,132	\$ (250,353)	97.4%	\$ 2,637,458	-(9.5)%
2006	9,783,886	10,090,519	(306,633)	97.0%	2,643,190	-(11.6)%
2007	10,169,180	10,555,713	(386,533)	96.3%	2,812,921	-(13.7)%
2008	10,736,256	10,983,585	(247,329)	97.7%	2,973,016	-(8.3)%
2009	10,932,466	12,011,192	(1,078,726)	91.0%	3,415,591	-(31.6)%
2010	11,419,366	12,755,035	(1,335,669)	89.5%	3,579,566	-(37.3)%

**SELECTMEN AND BOARD OF EDUCATION PERSONNEL PLAN**

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1,						
2005	\$ 12,395,925	\$ 11,520,625	\$ 875,300	107.6%	\$ 9,809,015	8.9%
2006	13,426,175	12,382,206	1,043,969	108.4%	9,995,785	10.4%
2007	14,861,680	13,662,528	1,199,152	108.8%	11,031,168	10.9%
2008	15,984,917	14,891,817	1,093,100	107.3%	11,878,385	9.2%
2009	16,351,188	16,463,315	(112,127)	99.3%	12,834,058	-0.9%
2010	17,146,590	17,709,414	(562,824)	96.8%	13,109,110	-4.3%

TOWN OF NEWTOWN, CONNECTICUT

## REQUIRED SUPPLEMENTARY INFORMATION

NEWTOWN RETIREMENT SYSTEM  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**POLICE PERSONNEL PLAN**

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
2005	\$ 193,000	\$ 193,303	100.2%
2006	214,000	213,647	99.8%
2007	277,000	276,339	99.8%
2008	287,328	291,160	101.3%
2009	325,909	325,844	100.0%
2010	342,670	344,475	100.5%

**SELECTMEN AND BOARD OF EDUCATION PERSONNEL PLAN**

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
2005	\$ 402,684	\$ 402,966	100.1%
2006	420,207	420,381	100.0%
2007	414,121	419,919	101.4%
2008	374,614	437,409	116.8%
2009	374,614	374,595	100.0%
2010	492,222	493,236	100.2%

TOWN OF NEWTOWN, CONNECTICUT

## REQUIRED SUPPLEMENTARY INFORMATION

NEWTOWN OTHER POST EMPLOYMENT BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1, 2008	\$ -	\$ 3,761,700	\$ (3,761,700)	0.0%	\$ 34,779,302	-(10.8)%
2009	N/A	N/A	N/A	N/A	N/A	N/A

N/A - No valuation performed in fiscal year 2010

TOWN OF NEWTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

NEWTOWN OTHER POST EMPLOYMENT BENEFIT PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
2009	\$ 405,062	\$ 278,828	68.8%
2010	430,949	485,960	112.8%

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## **Supplemental Schedules**

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## **General Fund**

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The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.



**TOWN OF NEWTOWN, CONNECTICUT**

GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>PROPERTY TAXES:</b>				
Collections - current year.....	\$ 89,231,927	\$ 89,231,927	\$ 89,205,589	\$ (26,338)
Collections - prior years.....	625,000	625,000	483,708	(141,292)
Interest and lien fees.....	400,000	400,000	420,492	20,492
Motor vehicle supplement list.....	700,000	425,000	444,541	19,541
Telecommunications Property Tax Grant.....	149,000	149,000	104,807	(44,193)
<b>TOTAL PROPERTY TAXES.....</b>	<b>91,105,927</b>	<b>90,830,927</b>	<b>90,659,137</b>	<b>(171,790)</b>
<b>INTERGOVERNMENTAL:</b>				
Veterans additional exemptions.....	10,000	10,000	10,450	450
Elderly tax relief - circuit breaker.....	118,000	118,000	122,291	4,291
In lieu of taxes.....	967,031	967,031	968,667	1,636
Totally disabled.....	1,500	1,500	1,757	257
In lieu of boat tax.....	8,000	8,000	4,605	(3,395)
Manufacturers' machinery and equipment.....	300,000	263,553	263,553	-
Mashantucket Pequot fund grant.....	925,834	664,802	673,719	8,917
Connecticut school building grants.....	938,447	938,447	938,449	2
Equalized cost-sharing grant.....	4,309,646	4,309,646	3,676,107	(633,539)
Public school transportation aid.....	163,008	163,008	100,004	(63,004)
Non-public school transportation aid.....	18,201	18,201	20,740	2,539
Health services - St. Rose.....	10,500	10,500	13,580	3,080
Miscellaneous grants.....	40,000	40,000	35,828	(4,172)
LOCIP grant.....	200,000	200,000	202,348	2,348
Services for the blind.....	22,500	22,500		(22,500)
<b>TOTAL INTERGOVERNMENTAL.....</b>	<b>8,032,667</b>	<b>7,735,188</b>	<b>7,032,098</b>	<b>(703,090)</b>
<b>CHARGES FOR SERVICES:</b>				
Town clerk - conveyance tax.....	315,000	315,000	357,573	42,573
Town clerk - other.....	175,000	250,000	211,838	(38,162)
Police recruitment.....	1,500			-
Parks and recreation.....	220,000	220,000	223,287	3,287
Tuition.....	13,600	13,600	14,406	806
School generated fees.....	125,000	125,000	124,531	(469)
Building.....	400,000	400,000	287,684	(112,316)
Permit fees.....	5,000	5,000	9,500	4,500
Landfill permits.....	400,000	400,000	391,578	(8,422)
Senior center membership fees.....	10,000	10,000	1,339	(8,661)
Land use.....	100,000	100,000	68,850	(31,150)
<b>TOTAL CHARGES FOR SERVICES.....</b>	<b>1,765,100</b>	<b>1,838,600</b>	<b>1,690,586</b>	<b>(148,014)</b>
<b>INVESTMENT INCOME.....</b>	<b>700,000</b>	<b>400,000</b>	<b>366,060</b>	<b>(33,940)</b>
<b>OTHER REVENUES:</b>				
Miscellaneous revenue - police.....	10,000	3,000	3,215	215
Miscellaneous revenue - board of education.....	3,000	3,000	693	(2,307)
Miscellaneous revenue - selectmen.....	100,000	100,000	95,395	(4,605)
<b>TOTAL OTHER REVENUES.....</b>	<b>113,000</b>	<b>106,000</b>	<b>99,303</b>	<b>(6,697)</b>
<b>TOTAL REVENUES.....</b>	<b>101,716,694</b>	<b>100,910,715</b>	<b>99,847,184</b>	<b>(1,063,531)</b>

(Continued)

**SCHEDULE 1**  
**(2 of 2)**

TOWN OF NEWTOWN, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL (CONCLUDED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OTHER FINANCING SOURCES:				
Appropriation of fund balance.....	\$ 2,000,000	\$ 2,000,000	\$	\$ (2,000,000)
Transfers in.....			119,190	119,190
Cancellation of prior year encumbrances.....			37,962	37,962
TOTAL OTHER FINANCING SOURCES.....	2,000,000	2,000,000	157,152	(1,842,848)
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 103,716,694	\$ 102,910,715	\$ 100,004,336	\$ (2,906,379)

(Concluded)

**TOWN OF NEWTOWN, CONNECTICUT**

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>GENERAL GOVERNMENT:</b>				
Selectmen.....	\$ 342,533	\$ 479,262	\$ 476,170	\$ 3,092
Selectmen - other.....	297,034	275,189	244,782	30,407
Tax Collector.....	190,989	190,989	188,004	2,985
Probate Court.....	4,050	4,050	3,408	642
Town Clerk.....	237,261	222,261	212,971	9,290
Registrars.....	123,459	121,673	120,413	1,260
Assessor.....	236,162	213,800	210,224	3,576
Finance.....	329,743	327,883	325,514	2,369
Technology.....	292,048	255,140	248,549	6,591
Social security.....	822,128	822,128	817,512	4,616
Pension fund.....	558,765	573,765	572,750	1,015
Employee Benefits.....	3,068,390	3,007,152	3,003,656	3,496
Professional organizations.....	35,312	36,112	-	-
Insurance.....	921,000	934,050	926,523	7,527
Legislative Council.....	43,511	43,511	43,011	500
Hattertown Historic District.....	500	500	-	500
Economic Development Commission.....	117,815	116,315	116,153	162
<b>TOTAL GENERAL GOVERNMENT.....</b>	<b>7,620,700</b>	<b>7,623,780</b>	<b>7,545,752</b>	<b>78,028</b>
<b>PUBLIC SAFETY:</b>				
Communications.....	865,567	818,702	794,705	23,997
Police department.....	3,871,458	3,935,816	3,901,163	34,653
Fire department.....	1,200,196	1,183,198	1,116,494	66,704
Emergency Management/N.U.S.....	44,813	43,813	33,609	10,204
Canine control.....	140,500	139,000	136,370	2,630
Lake authorities.....	48,097	49,097	49,097	-
N.W. safety communication.....	10,294	10,294	10,294	-
Paramedic.....	260,000	260,000	260,000	-
Northwest CT Emergency Medical Service.....	250	250	250	-
<b>TOTAL PUBLIC SAFETY.....</b>	<b>6,441,175</b>	<b>6,440,170</b>	<b>6,301,982</b>	<b>138,188</b>
<b>HEALTH AND WELFARE:</b>				
Social services.....	86,529	85,129	83,950	1,179
Commission on aging.....	285,585	281,855	279,385	2,470
V.N.A. of Newtown.....	500	500	500	-
Kevin's Community Center.....	45,000	45,000	45,000	-
Children's adventure center.....	30,000	30,000	30,000	-
Regional hospice.....	5,500	5,500	5,500	-
Veterans' guidance.....	250	250	60	190
N.W. Regional Mental Board.....	2,947	2,947	2,947	-
Youth & Family Services.....	256,500	256,500	256,500	-
Danbury Regional Commission on Children.....	2,750	2,750	2,750	-
Women's Center of Danbury.....	10,000	10,000	10,000	-
Ability Beyond Disability.....	4,500	4,500	4,500	-
Newtown Cultural Arts Commission.....	2,000	2,000	2,000	-
Amos House.....	3,300	3,300	3,300	-
Literacy Volunteers.....	1,000	1,000	1,000	-
Shelter of the Cross.....	2,500	2,500	2,500	-
WeCAHR.....	1,000	1,000	1,000	-
The Volunteer Center.....	1,000	1,000	1,000	-
Newtown Parade Committee.....	1,458	1,375	1,375	-
Parent Connection.....	20,000	20,000	20,000	-
NW Conservation District.....	500	500	500	-
Booth library.....	1,007,953	1,007,953	1,007,953	-
Tick Action Comm.....	-	5,000	3,575	1,425
Newtown Health District.....	257,932	257,932	257,932	-
<b>TOTAL HEALTH AND WELFARE.....</b>	<b>2,028,704</b>	<b>2,028,491</b>	<b>2,023,227</b>	<b>5,264</b>
<b>LAND USE.....</b>	<b>465,952</b>	<b>552,260</b>	<b>543,973</b>	<b>8,287</b>

(Continued)

TOWN OF NEWTOWN, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL (CONCLUDED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PUBLIC WORKS:				
Building inspector.....	\$ 306,447	\$ 302,447	\$ 291,523	\$ 10,924
Highway.....	4,627,911	4,432,130	4,402,474	29,656
Winter maintenance.....	575,000	714,800	714,415	385
Landfill.....	1,365,692	1,359,008	1,357,373	1,635
Public building maintenance.....	773,834	773,834	733,715	40,119
Car pool.....	5,000	5,000	5,000	-
TOTAL PUBLIC WORKS.....	7,653,884	7,587,219	7,504,500	82,719
PARKS AND RECREATION.....	1,845,023	1,745,784	1,679,132	66,652
FAIRFIELD HILLS.....	490,700	415,000	409,653	5,347
BOARD OF EDUCATION.....	66,314,928	66,314,928	65,544,331	770,597
CONTINGENCY.....	455,654			-
DEBT SERVICE.....	10,209,974	9,772,953	9,755,127	17,826
TOTAL EXPENDITURES.....	103,526,694	102,480,585	101,307,677	1,172,908
OTHER FINANCING USES:				
Transfers out:				
Capital projects.....		240,130	240,130	-
Edmond Town Hall .....	190,000	190,000	190,000	-
TOTAL OTHER FINANCING USES.....	190,000	430,130	430,130	-
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 103,716,694	\$ 102,910,715	\$ 101,737,807	\$ 1,172,908

(Concluded)

SCHEDULE 3

TOWN OF NEWTOWN, CONNECTICUT

REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2010

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2009	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2010
			ADDITIONS	DEDUCTIONS			NET TAXES COLLECTED	INTEREST AND LIEN FEES	TOTAL	
1993	\$ 15,300	\$	\$	\$ 15,233	\$	\$ 67	\$ 67	\$ 236	\$ 303	\$ -
1994	16,155			399		15,756	69	204	273	15,687
1995	22,077			346		21,731	68	189	257	21,663
1996	23,494			657		22,837	71	182	253	22,766
1997	25,490			682		24,808	73	175	248	24,735
1998	28,635			707		27,928	76	167	243	27,852
1999	34,429			748	342	33,339	81	160	241	33,258
2000	37,343			806	368	36,169	87	156	243	36,082
2001	40,650			857	391	39,402	92	147	239	39,310
2002	31,576		9	1,164	486	29,935	656	845	1,501	29,279
2003	33,358		21	1,239	517	31,623	1,058	821	1,879	30,565
2004	38,325		451	1,299	623	36,854	1,876	1,305	3,181	34,978
2005	48,422		618	1,358	603	47,079	5,529	3,125	8,654	41,550
2006	112,740		2,055	15,701	15,843	83,251	27,613	11,039	38,652	55,638
2007	826,582		8,862	127,507	90,365	617,572	394,411	94,633	489,044	223,161
TOTAL PRIOR YEARS	1,334,576	-	12,016	168,703	109,538	1,068,351	431,827	113,384	545,211	636,524
2008		90,841,659	267,185	792,284	100,040	90,216,520	89,465,838	307,108	89,772,946	750,682
TOTAL	\$ 1,334,576	\$ 90,841,659	\$ 279,201	\$ 960,987	\$ 209,578	\$ 91,284,871	\$ 89,897,665	\$ 420,492	\$ 90,318,157	\$ 1,387,206

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## **Sewer Department**

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The Sewer Department fund accounts for the operations of the sewer department.

SCHEDULE 4TOWN OF NEWTOWN, CONNECTICUTSCHEDULE OF CHANGES IN SEWER ASSESSMENT RECEIVABLE  
FOR THE YEAR ENDED JUNE 30, 2010

	UNCOLLECTED ASSESSMENTS JULY 1, 2009	CURRENT YEAR BILLINGS	ADJUSTED TAXES COLLECTIBLE	COLLECTIONS	UNCOLLECTED ASSESSMENTS JUNE 30, 2010
Sewer assessments receivable.....	\$ 7,074,841	\$	\$ 7,074,841	\$ 746,710	\$ 6,328,131
Homestead accounts receivable.....	143,010		143,010	14,197	128,813
Bungalow Terrace.....	38,563		38,563	3,366	35,197
Elderly.....	37,136		37,136	905	36,231
76 Reed Intermediate School /Grace Church receivable.....	372,698		372,698	34,844	337,854
Walnut Tree.....	21,783		21,783		21,783
Newtown Congregational, Colony Diner & Sundaram.....	30,334		30,334	3,262	27,072
Rose & Church Hill.....	42,917	6,700	49,617	13,733	35,884
TOTAL.....	<u>\$ 7,761,282</u>	<u>\$ 6,700</u>	<u>\$ 7,767,982</u>	<u>\$ 817,017</u>	<u>6,950,965</u>
				Bonded interest	64,630
				Pentalty interest and	95,535
				Septic loans	<u>117,498</u>
				Total	<u>\$ 7,228,628</u>

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# Nonmajor Governmental Funds

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## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

### Dog License

A fund created pursuant to Connecticut State Statutes to account for the sale of dog tags and the expenditures of the dog warden and dog pound.

### Police Private Duty

To account for police private duty services. Private duty is a function of the police department where officers provide security, traffic control and oversight (after their normal hours). A private job is billed to the customer who requires a police presence and the officer serving is paid in addition to standard salary.

### Town Gifts Fund

To account for funds received for specific gift purposes by the Board of Education, Commission on Aging, Economic Development Commission, N.U.S.A.R. Civil Preparedness and the Park Commission.

### School Lunch Program

To account for the operation of the public school lunch program. Funding is provided from the sale of food, Federal and State grants and USDA donated commodities.

### Education Grants

To account for funds received from the State and Federal governments for education grants.

### Law Enforcement Fund

To account for funds received from the State and Federal governments for prison emergency notification, drug control and awareness program and from the police assets forfeiture process.

### Septage Management Ordinance

A fund created by ordinance to account for funds received for the purpose of self-insuring the Town against any liability caused by the discharge of prohibited material collected in Newtown and delivered to the Danbury sewage system by pumpers licensed in Newtown.



## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **Special Revenue Funds (Continued)**

#### Fairfield Hills Authority

To account for lease proceeds and common charges collected on the Fairfield Hills Campus. Funds are used for the maintenance of the common areas and other expenditures of the Fairfield Hills Authority.

#### School Custodial

To account for fees received for the use of school facilities by outside organizations. The proceeds are used to pay for custodial service, security, audio visual services, utilities and certain incremental building maintenance.

#### Adult Education

To account for tuition fees received from individuals attending night classes at the high school. Tuition fees offset the cost of teaching and instructional materials.

#### Edmond Town Hall

To account for the operations of Edmond Town Hall. Financing is provided by individuals attending the movie theater and fees received for the use of the facilities by outside organizations.

#### Town Recreation Fund

To account for various programs offered by the Park and Recreation Commission and the Commission on Aging and the operations of the Teen Center for which financing is provided by individuals in attendance.

#### Daycare Program

To account for funds received from the Federal government to provide a subrecipient grant to the Children's Adventure Center and food for the Daycare program.

#### Town Aid Road

To account for funds received from the State for improvements to Town roads.

#### Miscellaneous Grants

To account for various reimbursement grants.

#### Small Cities Program

To record the activity under the Small Cities Community Block Grant Program.

#### Cemetery Fund

To account for donations which are used for the perpetual care of Taunton, Sandy Hook and Botsford cemeteries.

#### Eichler's Cove Marina

To account for operations of Eichler's Cove Marina on Lake Zoar.

## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **Special Revenue Funds (Continued)**

#### **Historic Documents**

To account for a dollar fee received for each document recorded in the land records to be retained by the Town clerk for the preservation and management of historic documents in accordance with State Statute Sec. 7-34a(d); and an additional dollar fee to be retained by the Town clerk in accordance with State Statute Sec. 7-34a(e).

#### **Cultural Arts**

To account for cultural arts program fees collected. These fees pay for the cultural arts programs of the Cultural Arts Commission.

#### **Debt Service**

This fund is used to account for the accumulation of resources for, and the payment of long-term debt principal, interest and related costs or other long-term liabilities.

#### **Capital Projects**

##### **Capital and Nonrecurring Fund**

To account for funds set aside for future capital purchases and improvements.

#### **Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

##### **Hawley School Trust**

To account for the investment of funds left in trust by Mary E. Hawley for the care and maintenance of Hawley School.

##### **Edmond Town Hall Endowment**

To account for the investments of funds left in trust by Mary E. Hawley for the care and maintenance of Edmond Town Hall.

##### **Newtown Flagpole Fund**

To account for the investment of funds left in trust by Alida Pennie Knotts for the care and maintenance of the Newtown flagpole.

**TOWN OF NEWTOWN, CONNECTICUT**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	SPECIAL REVENUE FUNDS						
	DOG LICENSE	POLICE PRIVATE DUTY	TOWN GIFTS FUND	SCHOOL LUNCH PROGRAM	EDUCATION GRANTS	LAW ENFORCEMENT FUND	SEPTAGE MANAGEMENT ORDINANCE
<b>ASSETS</b>							
Cash.....	\$	\$	\$	\$ 90,884	\$ 134,316	\$	\$
Investments.....							70,283
Receivables:							
Intergovernmental.....				30,796	21,275	1,993	
Other.....		66,620	76	1,660	68		
Due from other funds.....	29,783		146,833			17,217	23,150
Other.....				27,148			
TOTAL ASSETS.....	\$ 29,783	\$ 66,620	\$ 146,909	\$ 150,488	\$ 155,659	\$ 19,210	\$ 93,433
<b>LIABILITIES AND FUND BALANCES</b>							
LIABILITIES:							
Accounts payable.....	\$ 14,351	\$ 1,695	\$	\$ 39,393	\$ 43,013	\$	\$
Accrued liabilities.....					23,210		
Due to other funds.....		64,925					
Deferred and unearned revenue.....				25,396	12,218	10,858	
TOTAL LIABILITIES.....	14,351	66,620	-	64,789	78,441	10,858	-
FUND BALANCES:							
Unreserved and undesignated.....	15,432		146,909	85,699	77,218	8,352	93,433
TOTAL LIABILITIES AND FUND BALANCES .....	\$ 29,783	\$ 66,620	\$ 146,909	\$ 150,488	\$ 155,659	\$ 19,210	\$ 93,433

(Continued)

**SCHEDULE 5**

(2 of 4)

TOWN OF NEWTOWN, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS					
	FAIRFIELD HILLS AUTHORITY	SCHOOL CUSTODIAL	ADULT EDUCATION	EDMOND TOWN HALL	TOWN RECREATION FUND	TOWN AID ROAD
<u>ASSETS</u>						
Cash.....	\$	\$ 107,768	\$ 102,868	\$ 215,350	\$ 189,057	\$
Investments.....				3,864		
Receivables:						
Intergovernmental.....		188			1,951	
Other.....					122,125	3,595
Due from other funds.....	97,577					
Other.....						
TOTAL ASSETS.....	\$ 97,577	\$ 107,956	\$ 102,868	\$ 219,214	\$ 313,133	\$ 3,595
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Accounts payable.....	\$	\$ 493	\$	\$ 19,737	\$ 36,869	\$ 3,595
Deferred and unearned revenue.....					217,425	
TOTAL LIABILITIES.....	-	493	-	19,737	254,294	3,595
FUND BALANCES:						
Unreserved and undesignated.....	97,577	107,463	102,868	199,477	58,839	
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 97,577	\$ 107,956	\$ 102,868	\$ 219,214	\$ 313,133	\$ 3,595

(Continued)

TOWN OF NEWTOWN, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS						TOTAL SPECIAL REVENUE FUNDS
	MISCELLANEOUS GRANTS	SMALL CITIES PROGRAM	CEMETERY FUND	EICHLER'S COVE MARINA	HISTORIC DOCUMENTS	CULTURAL ARTS	
<u>ASSETS</u>							
Cash.....	\$	\$ 5,120	\$ 31,246	\$	\$	\$ 110	\$ 876,719
Investments.....							74,147
Receivables:							
Intergovernmental.....	234,738						288,802
Loans receivable.....		257,071					257,071
Other.....				89			70,652
Due from other funds.....				134,458	33,973	14,190	622,901
Other.....							27,148
TOTAL ASSETS.....	\$ 234,738	\$ 262,191	\$ 31,246	\$ 134,547	\$ 33,973	\$ 14,300	\$ 2,217,440
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable.....	\$ 72,209	\$	\$	\$ 5,574	\$	\$	\$ 236,929
Accrued liabilities.....							23,210
Due to other funds.....	90,447						155,372
Deferred and unearned revenue.....	25,094	257,071					548,062
TOTAL LIABILITIES.....	187,750	257,071	-	5,574	-	-	963,573
FUND BALANCES:							
Unreserved and undesignated.....	46,988	5,120	31,246	128,973	33,973	14,300	1,253,867
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 234,738	\$ 262,191	\$ 31,246	\$ 134,547	\$ 33,973	\$ 14,300	\$ 2,217,440

(Continued)

**SCHEDULE 5**  
**(4 of 4)**

TOWN OF NEWTOWN, CONNECTICUT  
COMBINING BALANCE SHEET (CONCLUDED)  
NONMAJOR GOVERNMENTAL FUNDS

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DEBT SERVICE	CAPITAL & NONRECURRING	HAWLEY SCHOOL TRUST	EDMOND TOWN HALL ENDOWMENT	NEWTOWN FLAGPOLE FUND	TOTAL PERMANENT FUNDS	
<b>ASSETS</b>							
Cash.....	\$	\$ 220,872	\$	\$	\$ 11,770	\$ 11,770	\$ 1,109,361
Investments.....			352,759	865,080		1,217,839	1,291,986
Receivables:							
Intergovernmental.....						-	288,802
Loans receivable.....						-	257,071
Other.....						-	70,652
Due from other funds.....	301,517	617,519	103,733		3,656	107,389	1,649,326
Other.....						-	27,148
<b>TOTAL ASSETS.....</b>	<b>\$ 301,517</b>	<b>\$ 838,391</b>	<b>\$ 456,492</b>	<b>\$ 865,080</b>	<b>\$ 15,426</b>	<b>\$ 1,336,998</b>	<b>\$ 4,694,346</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Accounts payable.....	\$	\$ 14,185	\$	\$	\$	\$ -	\$ 251,114
Accrued liabilities.....						-	23,210
Due to other funds.....						-	155,372
Deferred and unearned revenue.....						-	548,062
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>14,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>977,758</b>
<b>FUND BALANCES:</b>							
Reserved for debt service.....	301,517						301,517
Reserved for endowments.....			352,759	865,080	10,000	1,227,839	1,227,839
Unreserved and undesignated.....		824,206	103,733		5,426	109,159	2,187,232
<b>TOTAL FUND BALANCES.....</b>	<b>301,517</b>	<b>824,206</b>	<b>456,492</b>	<b>865,080</b>	<b>15,426</b>	<b>1,336,998</b>	<b>3,716,588</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 301,517</b>	<b>\$ 838,391</b>	<b>\$ 456,492</b>	<b>\$ 865,080</b>	<b>\$ 15,426</b>	<b>\$ 1,336,998</b>	<b>\$ 4,694,346</b>

(Concluded)

**TOWN OF NEWTOWN, CONNECTICUT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS						
	DOG LICENSE	POLICE PRIVATE DUTY	TOWN GIFTS FUND	SCHOOL LUNCH PROGRAM	EDUCATION GRANTS	LAW ENFORCEMENT FUND	SEPTAGE MANAGEMENT ORDINANCE
REVENUES:							
Intergovernmental.....	\$	\$	\$	\$ 241,458	\$ 4,338,054	\$ 57,226	\$
Charges for services.....	19,737	383,936		1,611,150	8,525		1,645
Investment income.....			3	208			168
Contributions.....	2,725		52,936		28,701	742	
TOTAL REVENUES.....	22,462	383,936	52,939	1,852,816	4,375,280	57,968	1,813
EXPENDITURES:							
Current:							
Public safety.....	16,904	264,746	1,345			52,852	
Health and welfare.....			15,198				
Parks and recreation.....							
Education.....				1,876,474	4,355,377		
Capital outlay.....							
TOTAL EXPENDITURES.....	16,904	264,746	16,543	1,876,474	4,355,377	52,852	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	5,558	119,190	36,396	(23,658)	19,903	5,116	1,813
OTHER FINANCING SOURCES (USES):							
Transfer out.....		(119,190)	(4,367)				
NET CHANGE IN FUND BALANCES.....	5,558	-	32,029	(23,658)	19,903	5,116	1,813
FUND BALANCES, JULY 1, 2009 .....	9,874		114,880	109,357	57,315	3,236	91,620
FUND BALANCES, JUNE 30, 2010.....	\$ 15,432	\$ -	\$ 146,909	\$ 85,699	\$ 77,218	\$ 8,352	\$ 93,433

(Continued)

**SCHEDULE 6**  
(2 of 4)

TOWN OF NEWTOWN, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS					
	FAIRFIELD HILLS AUTHORITY	SCHOOL CUSTODIAL	ADULT EDUCATION	EDMOND TOWN HALL	TOWN RECREATION FUND	DAYCARE PROGRAM
REVENUES:						
Intergovernmental.....	\$	\$	\$	\$	\$	\$ 211,795
Charges for services.....	41,004	8,434	203,506	444,083	716,593	
Investment income.....				601		
Contributions.....				29,755		
TOTAL REVENUES.....	41,004	8,434	203,506	474,439	716,593	211,795
EXPENDITURES:						
Current:						
Public safety.....	12,365					
Health and welfare.....				545,205	52,868	
Parks and recreation.....					708,608	
Education.....		951	189,130			211,795
Capital outlay.....				24,114		
TOTAL EXPENDITURES.....	12,365	951	189,130	569,319	761,476	211,795
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	28,639	7,483	14,376	(94,880)	(44,883)	-
OTHER FINANCING SOURCES (USES):						
Transfers in.....				209,000		
Transfers out.....						
NET OTHER FINANCING SOURCES (USES).....	-	-	-	209,000	-	-
NET CHANGE IN FUND BALANCES.....	28,639	7,483	14,376	114,120	(44,883)	-
FUND BALANCES, JULY 1, 2009.....	68,938	99,980	88,492	85,357	103,722	
FUND BALANCES, JUNE 30, 2010.....	\$ 97,577	\$ 107,463	\$ 102,868	\$ 199,477	\$ 58,839	\$ -

(Continued)



TOWN OF NEWTOWN, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS							TOTAL SPECIAL REVENUE FUNDS
	TOWN AID ROAD	MISCELLANEOUS GRANTS	SMALL CITIES PROGRAM	CEMETERY FUND	EICHLER'S COVE MARINA	HISTORIC DOCUMENTS	CULTURAL ARTS	
REVENUES:								
Intergovernmental.....	\$ 234,353	\$ 711,796	\$ 187,435	\$	\$ 111,149	\$ 9,914	\$ 36,056	\$ 5,982,117
Charges for services.....							11	3,595,732
Investment income.....				22			5,000	1,013
Contributions.....								119,859
TOTAL REVENUES.....	234,353	711,796	187,435	22	111,149	9,914	41,067	9,698,721
EXPENDITURES:								
Current:								
General government.....		399,787				11,606		411,393
Public safety.....		189,246						537,458
Health and welfare.....		68,529	202,553				31,134	915,487
Public works.....	234,353	7,246						241,599
Parks and recreation.....					91,474			800,082
Education.....								6,633,727
Capital outlay.....								24,114
TOTAL EXPENDITURES.....	234,353	664,808	202,553	-	91,474	11,606	31,134	9,563,860
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	-	46,988	(15,118)	22	19,675	(1,692)	9,933	134,861
OTHER FINANCING SOURCES (USES):								
Transfers in.....							4,367	213,367
Transfers out.....								(123,557)
NET OTHER FINANCING SOURCES (USES).....	-	-	-	-	-	-	4,367	89,810
NET CHANGE IN FUND BALANCES.....	-	46,988	(15,118)	22	19,675	(1,692)	14,300	224,671
FUND BALANCES, JULY 1, 2009.....			20,238	31,224	109,298	35,665		1,029,196
FUND BALANCES, JUNE 30, 2010.....	\$ -	\$ 46,988	\$ 5,120	\$ 31,246	\$ 128,973	\$ 33,973	\$ 14,300	\$ 1,253,867

(Continued)

TOWN OF NEWTOWN, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONCLUDED)  
NONMAJOR GOVERNMENTAL FUNDS

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DEBT SERVICE	CAPITAL & NONRECURRING	HAWLEY SCHOOL TRUST	EDMOND TOWN HALL ENDOWMENT	NEWTOWN FLAGPOLE FUND	TOTAL PERMANENT FUNDS	
REVENUES:							
Intergovernmental.....	\$	\$ 209,101	\$	\$	\$	\$ -	\$ 6,191,218
Charges for services.....		105,450	9,323			9,323	3,710,505
Investment income.....	91,436	3,079	13,599	37,818	47	51,464	146,992
Net change in fair value of investments.....			(5,998)	67,681		61,683	61,683
Contributions.....		37,500			845	845	158,204
Other.....					6,078	6,078	6,078
TOTAL REVENUES.....	91,436	355,130	16,924	105,499	6,970	129,393	10,274,680
EXPENDITURES:							
Current:							
General government.....	184,574	26,144			3,267	3,267	625,378
Public safety.....						-	537,458
Health and welfare.....						-	915,487
Public works.....						-	241,599
Parks and recreation.....				53,562		53,562	853,644
Education.....		616	29,548			29,548	6,663,891
Debt service.....	350,000	1,247,700				-	1,597,700
Capital outlay.....		830,518				-	854,632
TOTAL EXPENDITURES.....	534,574	2,104,978	29,548	53,562	3,267	86,377	12,289,789
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(443,138)	(1,749,848)	(12,624)	51,937	3,703	43,016	(2,015,109)
OTHER FINANCING SOURCES (USES):							
Issuance of debt.....		1,503,714				-	1,503,714
Transfers in.....	21,946	129,070				-	364,383
Transfers out.....						-	(123,557)
NET OTHER FINANCING SOURCES (USES).....	21,946	1,632,784	-	-	-	-	1,744,540
NET CHANGE IN FUND BALANCES.....	(421,192)	(117,064)	(12,624)	51,937	3,703	43,016	(270,569)
FUND BALANCES, JULY 1, 2009.....	722,709	941,270	469,116	813,143	11,723	1,293,982	3,987,157
FUND BALANCES, JUNE 30, 2010.....	\$ 301,517	\$ 824,206	\$ 456,492	\$ 865,080	\$ 15,426	\$ 1,336,998	\$ 3,716,588

(Concluded)

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# Fiduciary Funds

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Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

## **Pension Trust Funds**

A fiduciary fund type used to report resources that are required to be held in trust for the member and beneficiaries of defined benefit pension plans.

The Town has three pension plans covering substantially all of its employees, except teachers who are covered by the State Teachers' Retirement Fund. The General Town and Board of Education Plan is a contributory defined benefit plan. The Police Plan is a contributory defined benefit plan. The Elected Officials Plan is a contributory defined contribution plan.

## **Agency Funds**

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

### **Board of Education Flex Plan**

To account for employee medical savings account.

### **Student Activities**

To account for expenditures for educational extracurricular activities at the various schools. Financing is provided by individual fundraising projects.

### **Conservation/Driveway Bonds**

A fund to account for developers' bonds which are held to assure performance on driveway construction. Once the driveways are constructed, the bonds are released to the developers.

### **Performance Bonds**

A fund to account for developers' bonds which are held to assure performance on road construction. Once the roads are constructed, the bonds are released to the developers.

TOWN OF NEWTOWN, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2010

	BOE FLEX PLAN	STUDENT ACTIVITIES	CONSERVATION/ DRIVEWAY BONDS	PERFORMANCE BONDS	TOTAL
<u>ASSETS</u>					
Cash.....	\$ 24,581	\$ 211,952	\$	\$	\$ 236,533
Investments.....		184,647		689,760	874,407
Due from other funds.....			279,385		279,385
TOTAL ASSETS.....	\$ 24,581	\$ 396,599	\$ 279,385	\$ 689,760	\$ 1,390,325
<u>LIABILITY</u>					
Accounts payable.....	\$ 24,581	\$ 396,599	\$ 279,385	\$ 689,760	\$ 1,390,325

## TOWN OF NEWTOWN, CONNECTICUT

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2010

	BALANCE JULY 1, 2009	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2010
<u>ASSETS</u>				
CASH:				
BOE Flex Plan account.....	\$ 23,326	\$ 153,917	\$ 152,662	\$ 24,581
Student activities.....	189,359	1,450,345	1,427,752	211,952
TOTAL CASH.....	212,685	1,604,262	1,580,414	236,533
INVESTMENTS:				
Student activities.....	181,958	2,689		184,647
Performance bonds.....	539,753	655,735	505,728	689,760
TOTAL INVESTMENTS.....	721,711	658,424	505,728	874,407
DUE FROM OTHER FUNDS:				
Driveway bonds.....	316,583	66,975	104,173	279,385
TOTAL ASSETS.....	\$ 1,250,979	\$ 2,329,661	\$ 2,190,315	\$ 1,390,325
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
BOE Flex Plan account.....	\$ 23,326	\$ 153,917	\$ 152,662	\$ 24,581
Student activities.....	371,317	1,453,034	1,427,752	396,599
Driveway bonds.....	316,583	66,975	104,173	279,385
Performance bonds.....	539,753	655,735	505,728	689,760
TOTAL LIABILITIES.....	\$ 1,250,979	\$ 2,329,661	\$ 2,190,315	\$ 1,390,325

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# Statistical Section

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This part of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

## CONTENTS

### **FINANCIAL TRENDS (TABLES 1 - 4)**

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

### **REVENUE CAPACITY (TABLES 5 - 8)**

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

### **DEBT CAPACITY (TABLES 9 - 12)**

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

### **DEMOGRAPHIC AND ECONOMIC INFORMATION (TABLES 13 - 14)**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

### **OPERATING INFORMATION (TABLE 15 - 17)**

This schedule contains service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

TOWN OF NEWTOWN, CONNECTICUTNET ASSETS BY COMPONENT  
LAST EIGHT YEARS (1)  
(UNAUDITED)

	FISCAL YEAR ENDED							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>GOVERNMENTAL ACTIVITIES:</b>								
Invested in capital assets, net of related debt.....	\$ 131,727,748	\$ 128,178,467	\$ 122,076,076	\$ 114,736,321	\$ 107,382,867	\$ 95,381,052	\$ 94,136,547	\$ 87,818,811
Restricted for:								
Capital projects.....	16,817,719	35,606,663	9,495,004	2,387,002	4,250	5,742,081		137,440
Debt service.....	301,517	722,709	83,915					
Endowments:								
Nonexpendable.....	1,227,839	1,187,923	1,502,317	1,675,067	1,017,769	1,474,082	1,469,499	1,383,522
Expendable.....	109,159	106,059	89,752	73,233	11,504	39,235	20,761	13,455
Unrestricted.....	9,137,294	(13,171,581)	14,657,092	22,135,068	23,012,689	21,211,479	23,898,534	27,113,157
<b>TOTAL NET ASSETS.....</b>	<b>159,321,276</b>	<b>152,630,240</b>	<b>147,904,156</b>	<b>141,006,691</b>	<b>131,429,079</b>	<b>123,847,929</b>	<b>119,525,341</b>	<b>116,466,385</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Invested in capital assets, net of related debt.....	23,064,329	22,821,892	22,477,029	22,270,321	21,776,567	20,908,675	17,802,250	16,666,698
Unrestricted.....	9,332,516	10,130,575	11,322,568	12,093,361	13,355,741	13,952,656	13,747,540	15,036,328
<b>TOTAL NET ASSETS.....</b>	<b>32,396,845</b>	<b>32,952,467</b>	<b>33,799,597</b>	<b>34,363,682</b>	<b>35,132,308</b>	<b>34,861,331</b>	<b>31,549,790</b>	<b>31,703,026</b>
<b>TOTAL - TOWN:</b>								
Invested in capital assets, net of related debt.....	154,792,077	151,000,359	144,553,105	137,006,642	129,159,434	116,289,727	111,938,797	104,485,509
Restricted for:								
Capital projects.....	16,817,719	35,606,663	9,495,004	2,387,002	4,250	5,742,081		137,440
Debt service.....	301,517	722,709	83,915					
Endowments:								
Nonexpendable.....	1,227,839	1,187,923	1,502,317	1,675,067	1,017,769	1,474,082	1,469,499	1,383,522
Expendable.....	109,159	106,059	89,752	73,233	11,504	39,235	20,761	13,455
Unrestricted.....	18,469,810	(3,041,006)	25,979,660	34,228,429	36,368,430	35,164,135	37,646,074	42,149,485
<b>TOTAL TOWN NET ASSETS.....</b>	<b>\$ 191,718,121</b>	<b>\$ 185,582,707</b>	<b>\$ 181,703,753</b>	<b>\$ 175,370,373</b>	<b>\$ 166,561,387</b>	<b>\$ 158,709,260</b>	<b>\$ 151,075,131</b>	<b>\$ 148,169,411</b>

(1) Less than ten years of data due to the implementation date of GASB 34.

**TABLE 2**  
**(1 of 2)**

**TOWN OF NEWTOWN, CONNECTICUT**

**CHANGES IN NET ASSETS  
LAST EIGHT YEARS  
(UNAUDITED)**

	FISCAL YEAR ENDED							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>EXPENSES:</b>								
Governmental activities:								
General government.....	\$ 5,297,077	\$ 4,535,058	\$ 5,296,173	\$ 3,824,508	\$ 2,960,996	\$ 4,558,079	\$ 3,109,042	\$ 2,551,911
Public safety.....	9,520,554	9,148,279	8,079,988	6,790,431	7,246,450	6,935,684	6,008,315	5,812,265
Health and welfare.....	2,980,058	3,358,845	2,760,009	2,537,270	2,511,862	2,154,667	2,190,003	2,460,663
Land use.....	694,940	703,662	655,200	669,305	618,048	600,501	561,633	542,454
Public works.....	10,171,370	11,867,112	8,814,436	9,286,973	9,285,859	10,248,121	8,240,704	6,780,273
Parks and recreation.....	3,619,773	3,262,414	2,682,141	2,775,522	2,643,651	3,079,913	2,785,162	2,723,993
Education.....	77,364,602	76,184,988	86,738,412	69,132,117	65,157,121	59,748,497	55,129,870	49,597,760
Interest expense.....	2,117,754	1,161,850	2,904,944	2,614,757	2,438,463	2,795,232	2,571,633	2,738,384
Total Governmental Expenses.....	111,766,128	110,222,208	117,931,303	97,630,883	92,862,450	90,120,694	80,596,362	73,207,703
Business-Type activities:								
Sewer Department.....	1,592,894	1,568,227	1,588,118	1,689,500	1,697,945	1,463,892	1,873,766	1,763,557
Water Department.....	407,914	381,374	361,601	281,389	297,808	325,066		
Total Business-Type activities.....	2,000,808	1,949,601	1,949,719	1,970,889	1,995,753	1,788,958	1,873,766	1,763,557
<b>TOTAL EXPENSES.....</b>	<b>113,766,936</b>	<b>112,171,809</b>	<b>119,881,022</b>	<b>99,601,772</b>	<b>94,858,203</b>	<b>91,909,652</b>	<b>82,470,128</b>	<b>74,971,260</b>
<b>PROGRAM REVENUES:</b>								
Governmental activities:								
Charges for services:								
General government.....	620,329	681,694	1,026,564	909,972	1,206,891	1,333,546	1,374,653	964,528
Public safety.....	403,673	526,245	291,420	216,418	292,787	162,565	203,310	116,477
Health and welfare.....	35,852	10,200	77,387	2,229	57,861	58,155	28,780	43,949
Land use.....	68,850	110,052	130,955	114,726	159,769	183,895	183,069	195,982
Public works.....	795,857	840,643	906,124	1,093,674	1,132,422	1,265,260	1,129,658	1,136,689
Parks and recreation.....	1,496,451	1,561,347	1,473,699	1,418,574	1,561,711	1,353,225	1,289,741	1,301,177
Education.....	1,979,875	1,927,823	1,984,582	2,211,948	2,138,475	2,227,808	1,966,553	1,589,834
Operating grants and contributions.....	14,681,778	13,470,536	24,721,120	9,786,293	9,439,346	7,038,683	7,618,203	7,591,233
Capital grants and contributions.....	4,738,631	1,731,908	4,072,712	2,177,250	5,191,966	6,198,333	2,248,272	3,452,503
Total Governmental Program Revenues.....	24,821,296	20,860,448	34,684,563	17,931,084	21,181,228	19,821,470	16,042,239	16,392,372

(Continued)



**TABLE 2**  
(2 of 2)

**TOWN OF NEWTOWN, CONNECTICUT**

**CHANGES IN NET ASSETS  
LAST EIGHT YEARS (1)  
(UNAUDITED)**

	FISCAL YEAR ENDED							
	2010	2009	2008	2007	2006	2005	2004	2003
Business-Type activities:								
Sewer Department.....	\$ 1,021,112	\$ 905,105	\$ 1,125,055	\$ 825,987	\$ 2,000,659	\$ 2,478,261	\$ 1,702,603	\$ 2,260,148
Water Department.....	324,178	261,294	183,833	183,061	170,883	2,586,248		
Total Business-Type activities.....	1,345,290	1,166,399	1,308,888	1,009,048	2,171,542	5,064,509	1,702,603	2,260,148
TOTAL PROGRAM REVENUES.....	26,166,586	22,026,847	35,993,451	18,940,132	23,352,770	24,885,979	17,744,842	18,652,520
NET EXPENSES:								
Governmental activities.....	(86,944,832)	(89,361,760)	(83,246,740)	(79,699,799)	(71,681,222)	(70,299,224)	(64,554,123)	(56,815,331)
Business-type activities.....	(655,518)	(783,202)	(640,831)	(961,841)	175,789	3,275,551	(171,163)	496,591
TOTAL NET EXPENSES.....	(87,600,350)	(90,144,962)	(83,887,571)	(80,661,640)	(71,505,433)	(67,023,673)	(64,725,286)	(56,318,740)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:								
Governmental activities:								
Property taxes.....	90,626,477	90,243,025	85,534,874	82,212,483	76,923,921	70,981,527	65,571,289	62,947,414
Grants and contributions not restricted to specific programs.....	2,045,042	2,756,030	2,616,265	2,482,103	2,648,507	2,291,241	2,505,220	2,855,781
Investment income.....	858,968	552,252	1,830,513	2,354,318	1,640,673	1,072,396	595,006	601,189
Gain on sale of asset.....					-	145,674		
Miscellaneous.....	105,381	452,570	162,553	165,081	112,610	130,974	148,062	123,761
Total Governmental Activities.....	93,635,868	94,003,877	90,144,205	87,213,985	81,325,711	74,621,812	68,819,577	66,528,145
Business-Type activities:								
Sewer Department.....	99,896	20,039	76,746	193,215	95,188	35,990	17,927	12,949
TOTAL GENERAL REVENUES.....	93,735,764	94,023,916	90,220,951	87,407,200	81,420,899	74,657,802	68,837,504	66,541,094
CHANGE IN NET ASSETS:								
Governmental activities.....	6,691,036	4,642,117	6,897,465	7,514,186	9,644,489	4,322,588	4,265,454	9,712,814
Business-type activities.....	(555,622)	(763,163)	(564,085)	(768,626)	270,977	3,311,541	(153,236)	509,540
TOTAL CHANGE IN NET ASSETS.....	\$ 6,135,414	\$ 3,878,954	\$ 6,333,380	\$ 6,745,560	\$ 9,915,466	\$ 7,634,129	\$ 4,112,218	\$ 10,222,354

(1) Less than ten years of data due to the implementation date of GASB 34.

(Concluded)

TABLE 3

**TOWN OF NEWTOWN, CONNECTICUT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	FISCAL YEAR ENDED									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
GENERAL FUND:										
Reserved.....	\$ 1,354,552	\$ 1,634,009	\$ 2,341,582	\$ 2,125,554	\$ 1,966,115	\$ 2,395,103	\$ 2,822,685	\$ 3,264,515	\$ 2,271,600	\$ 1,763,649
Unreserved:										
Designated .....	1,000,000	2,000,000	2,619,306	3,363,961	2,312,535	2,467,236	2,326,992	2,703,634	2,374,340	2,774,862
Undesignated .....	6,903,051	7,636,522	7,821,198	2,619,306	3,363,961	2,312,535	2,467,236	2,326,992	2,703,634	2,358,955
Total Unreserved.....	7,903,051	9,636,522	10,440,504	5,983,267	5,676,496	4,779,771	4,794,228	5,030,626	5,077,974	5,133,817
TOTAL GENERAL FUND.....	9,257,603	11,270,531	12,782,086	8,108,821	7,642,611	7,174,874	7,616,913	8,295,141	7,349,574	6,897,466
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved:										
Commitments.....	16,817,719	35,606,663	9,495,004	2,387,002	4,250	5,742,081		137,440	5,573,771	883,500
Debt service fund.....	301,517	722,709	83,915							
Endowments.....	1,227,839	1,187,923	1,502,317	1,675,067	1,513,358	1,474,082	1,469,499	1,383,522	1,413,462	1,664,661
Unreserved reported in:										
Special revenue funds.....	1,253,867	1,029,196	914,966	939,402	925,526	1,032,148	839,971	795,382	734,569	849,473
Capital projects funds.....	(27,012,308)	(32,158,938)	1,997,606	11,168,590	7,008,124	3,256,448	3,377,749	5,301,184	6,736,775	2,517,764
Permanent funds.....	109,159	106,059	89,752	73,233	55,848	39,235	20,761	13,455	1,232	1,013
TOTAL ALL OTHER GOVERNMENTAL FUNDS..	(7,302,207)	6,493,612	14,083,560	16,243,294	9,507,106	11,543,994	5,707,980	7,630,983	14,459,809	5,916,411
GRAND TOTAL.....	\$ 1,955,396	\$ 17,764,143	\$ 26,865,646	\$ 24,352,115	\$ 17,149,717	\$ 18,718,868	\$ 13,324,893	\$ 15,926,124	\$ 21,809,383	\$ 12,813,877

TABLE 4

## TOWN OF NEWTOWN, CONNECTICUT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(UNAUDITED)

	FISCAL YEAR ENDED									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>REVENUES:</b>										
Property taxes.....	\$ 90,659,137	\$ 90,141,582	\$ 85,409,590	\$ 82,160,198	\$ 76,815,298	\$ 71,319,635	\$ 65,870,365	\$ 63,278,954	\$ 57,588,470	\$ 51,395,561
Intergovernmental.....	21,368,025	18,723,660	29,595,041	13,671,350	13,838,466	11,704,233	11,898,364	15,231,344	19,731,729	13,005,629
Charges for services.....	5,401,091	5,647,804	5,815,344	5,967,312	6,561,934	6,586,409	6,227,671	5,369,706	5,319,576	4,144,353
Investment income.....	513,052	833,860	1,977,164	2,173,848	1,587,327	1,026,530	465,803	596,820	968,551	1,625,543
Net change in fair value of investments.....	61,683	(281,619)	(149,911)	173,533	47,419	42,795	128,273	3,336	(224,939)	(255,598)
Contributions.....	158,204	229,043	138,571	93,484	83,925	130,114	64,283	185,535	83,173	86,742
Other.....	105,381	452,570	162,553	165,081	112,610	130,974	148,062	130,478	720,610	689,007
<b>TOTAL REVENUES.....</b>	<b>118,266,573</b>	<b>115,746,900</b>	<b>122,948,352</b>	<b>104,404,806</b>	<b>99,046,979</b>	<b>90,940,690</b>	<b>84,802,821</b>	<b>84,796,173</b>	<b>84,187,170</b>	<b>70,691,237</b>
<b>EXPENDITURES:</b>										
Current:										
General government.....	8,384,510	7,431,955	7,829,719	6,678,593	6,564,560	5,944,787	5,317,277	4,860,343	4,609,498	3,922,246
Public safety.....	6,867,872	6,651,104	6,284,149	5,680,053	5,533,828	5,242,215	4,784,512	4,888,476	4,312,121	4,205,661
Health and welfare.....	2,938,714	3,316,602	2,692,470	2,417,531	2,419,787	2,065,537	2,009,780	1,682,818	1,515,726	1,530,427
Land use.....	541,473	562,379	528,719	508,087	462,525	460,307	450,442	428,682	427,265	411,272
Public works.....	8,173,705	9,459,569	7,459,859	9,232,185	8,456,460	8,021,234	8,223,842	7,298,007	7,958,155	7,083,115
Parks and recreation.....	2,639,930	2,561,335	2,608,137	2,229,034	2,549,416	2,488,566	2,516,128	2,556,234	2,501,999	1,857,522
Fairfield Hills.....	374,931	531,952	587,100	508,502	748,235	1,260,689	445,820	279,023	190,882	98,080
Education.....	76,662,504	74,467,636	84,625,841	67,407,332	63,381,441	58,123,068	54,743,588	50,788,018	47,295,547	43,684,386
Debt service:										
Principal.....	6,367,885	6,367,885	6,707,913	5,884,431	4,936,079	4,970,818	4,445,094	5,165,103	4,661,023	4,550,000
Interest.....	8,384,942	2,875,515	2,905,792	2,688,665	2,523,344	3,053,223	2,588,758	2,757,721	2,580,672	2,034,287
Capital outlay.....	27,410,677	20,113,831	11,244,600	3,493,062	12,654,801	8,230,673	1,922,011	11,681,007	18,088,776	2,354,347
<b>TOTAL EXPENDITURES.....</b>	<b>148,747,143</b>	<b>134,339,763</b>	<b>133,474,299</b>	<b>106,727,475</b>	<b>110,230,476</b>	<b>99,861,117</b>	<b>87,447,252</b>	<b>92,385,432</b>	<b>94,141,664</b>	<b>71,731,343</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(30,480,570)</b>	<b>(18,592,863)</b>	<b>(10,525,947)</b>	<b>(2,322,669)</b>	<b>(11,183,497)</b>	<b>(8,920,427)</b>	<b>(2,644,431)</b>	<b>(7,589,259)</b>	<b>(9,954,494)</b>	<b>(1,040,106)</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Issuance of debt.....	14,230,000	8,885,000	12,970,000	9,460,000	12,410,000	12,410,000		516,000	18,950,000	
Issuance of refunding bonds.....	13,320,000	9,285,000			24,046,600	24,046,600				3,290,000
Capital lease proceeds.....		400,000								
Sale of assets.....			69,478		1,656,333	1,656,333	43,200	1,190,000		
Premium.....	1,611,914	306,418		65,067	570,014	570,014				12,880
Payment to refunded bonds escrow agent.....	(14,490,091)	(9,469,025)			(24,368,545)	(24,368,545)				(3,239,700)
Transfers in.....	575,633	2,314,742	4,948,915	464,241	700,000	700,000	574,696	950,715	1,303,061	1,244,342
Transfers out.....	(575,633)	(2,230,775)	(4,948,915)	(464,241)	(700,000)	(700,000)	(574,696)	(950,715)	(1,303,061)	(1,244,342)
<b>NET OTHER FINANCING SOURCES (USES).....</b>	<b>14,671,823</b>	<b>9,491,360</b>	<b>13,039,478</b>	<b>9,525,067</b>	<b>14,314,402</b>	<b>14,314,402</b>	<b>43,200</b>	<b>1,706,000</b>	<b>18,950,000</b>	<b>63,180</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>\$ (15,808,747)</b>	<b>\$ (9,101,503)</b>	<b>\$ 2,513,531</b>	<b>\$ 7,202,398</b>	<b>\$ 3,130,905</b>	<b>\$ 5,393,975</b>	<b>\$ (2,601,231)</b>	<b>\$ (5,883,259)</b>	<b>\$ 8,995,506</b>	<b>\$ (976,926)</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....</b>	<b>12%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>9%</b>	<b>8%</b>	<b>10%</b>	<b>10%</b>	<b>9%</b>

TABLE 5

## TOWN OF NEWTOWN, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	REAL ESTATE		PERSONAL PROPERTY			TOTALS				
	(1) (4) ASSESSED VALUE	(2) ESTIMATED VALUE	(1) MOTOR VEHICLE ASSESSED VALUE	(1) PERSONAL PROPERTY ASSESSED VALUE	TOTAL MOTOR VEHICLE AND PERSONAL PROPERTY ASSESSED VALUE	TOTAL MOTOR VEHICLE AND PERSONAL PROPERTY ESTIMATED ACTUAL VALUE	(1) TOTAL ASSESSED VALUE	TOTAL ESTIMATED ACTUAL VALUE	(2) PERCENTAGE OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE	(3) TOTAL DIRECT TAX RATE
2001	\$ 1,504,352,580	\$ 2,785,838,111	\$ 158,641,368	\$ 84,829,586	\$ 243,470,954	\$ 347,815,649	\$ 1,747,823,534	\$ 3,133,653,760	55.78%	29.5
2002	1,549,280,460	3,098,560,920	173,077,306	97,047,845	270,125,151	385,893,073	1,819,405,611	3,484,453,993	52.21%	31.8
2003	1,588,970,730	3,611,297,114	177,536,858	92,850,675	270,387,533	386,267,904	1,859,358,263	3,997,565,018	46.51%	33.8
2004	2,537,471,740	3,694,799,594	188,771,718	91,761,200	280,532,918	400,761,311	2,818,004,658	4,095,560,905	68.81%	23.4
2005	2,592,860,580	4,250,591,115	188,738,928	84,756,943	273,495,871	390,708,387	2,866,356,451	4,641,299,502	61.76%	24.9
2006	2,653,069,110	4,823,762,018	203,174,719	85,545,258	288,719,977	412,457,110	2,941,789,087	5,236,219,128	56.18%	26.1
2007	2,708,061,890	4,909,091,946	210,749,643	92,656,529	303,406,172	452,824,344	3,011,468,062	5,361,916,290	56.16%	27.3
2008	2,749,091,490	5,188,923,159	218,235,621	98,741,420	316,977,041	452,824,344	3,066,068,531	5,641,747,503	54.35%	28.1
2009	3,629,805,735	5,185,436,764	220,978,180	98,735,860	319,714,040	456,734,343	3,949,519,775	5,642,171,107	70.00%	23.2
2010	3,626,812,720	4,597,303,486	217,368,592	106,011,275	323,379,867	461,971,239	3,950,192,587	5,059,274,725	78.08%	23.43

(1) Assessed values taken from the Board of Assessment Appeals corrected abstracts for the respective year.

(2) Personal property value based on a 70% assessment ratio.

(3) From Table 6.

(4) Revaluation Grand List of October 1, 2008.

**TABLE 6****TOWN OF NEWTOWN, CONNECTICUT**

PROPERTY TAX RATES  
 DIRECT AND OVERLAPPING GOVERNMENTS  
 LAST TEN YEARS  
 (UNAUDITED)

Year Ended June 30	Grand List of October 1	Tax Rate - Mills		
		TOWN MILLAGE	BOROUGH MILLAGE	TOTAL MILLAGE
2001	1999	29.5	1.03	30.53
2002	2000	31.8	1.03	32.83
2003	2001	33.8	1.03	34.83
2004	2002	23.4	0.68	24.08
2005	2003	24.9	1.00	25.90
2006	2004	26.1	0.85	26.95
2007	2005	27.3	0.85	28.15
2008	2006	28.1	0.85	28.95
2009	2007	23.2	0.61	23.81
2010	2008	23.43	0.58	24.01

**TOWN OF NEWTOWN, CONNECTICUT**

**TABLE 7**

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

NAME	NATURE OF BUSINESS	GRAND LIST YEAR 2008			GRAND LIST YEAR 1999		
		ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)	ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (2)
CONNECTICUT LIGHT & POWER	UTILITY	\$ 20,254,810	1	0.67%	\$ 21,312,260	1	1.24%
E & A.I & G SANDHILL PLAZA LTD PARTNERSHIP	SHOPPING	18,944,980	2	0.62%			
CURTIS PACKAGING CORP	MANUFACTURING	14,342,030	3				
NEWTOWN SHOPPING VILLAGE	SHOPPING CENTER	11,651,660	4	0.38%	5,852,980	7	0.34%
NEWTOWN SENIOR LIVING LLC	ASSISTED LIVING	10,687,780	5	0.35%	5,423,600	9	0.31%
IROQUOIS GAS TRANSMISSION SYSTEM	UTILITY	9,789,790	6		5,771,020	8	0.33%
TAUNTON PRESS	PRINTING	8,666,960	7	0.28%	7,675,920	3	0.45%
BARNABAS REALTY GROUP GEN PTRSHP	REAL ESTATE HOLDINGS	7,508,780	8	0.25%	6,038,840	6	0.35%
NEWTOWN SAVINGS BANK	FINANCIAL SERVICES	7,047,410	9	0.23%			
ROCK RIDGE COUNTRY CLUB INC	LEISURE	6,565,470	10	0.22%			
ETHAN ALLEN INC	MANUFACTURING	6,449,080	11	0.21%			
FIRSTLIGHT HYDRO GENERATING CO	UTILITY	6,364,330	12				
ARBAR PROPERTIES LLC	REAL ESTATE	6,330,690	13		5,216,329	10	0.30%
ETON CENTERS CO	REAL ESTATE	6,066,800	14				
NEWTOWN YOUTH ACADEMY	FITNESS/SPORTS	5,904,820	15				
D D NEWTOWN PARTNERS LIMITED PARTNERSHIP	REAL ESTATE				13,938,710	2	0.81%
SORVALL PRODUCTS LIMITED PARTNERSHIP	MANUFACTURING				6,718,680	5	0.39%
HARVEY HUBBELL INC	MANUFACTURING				7,592,430	4	0.44%
TOTAL		<u>\$ 146,575,390</u>		<u>3.21%</u>	<u>\$ 85,540,769</u>		<u>4.96%</u>

Source: Town Assessor Department.

(1) Based on October 1, 2008 net taxable Grand List of \$3,911,522,563

(2) Based on October 1, 1999 net taxable Grand List of \$1,724,149,800

TABLE 8

TOWN OF NEWTOWN, CONNECTICUT  
TAX RATES, LEVIES AND CASH COLLECTIONS  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	(1) MILL RATE	GRAND LIST OF OCTOBER 1	TOTAL ADJUSTED TAX LEVY	NET CURRENT LEVY TAX COLLECTIONS	PERCENTAGE OF CURRENT TAXES COLLECTED	COLLECTIONS/ ADJUSTMENTS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS	PERCENT OF LEVY COLLECTED	CURRENT DELINQUENT BALANCE
2001	29.5	1999	\$ 51,246,103	\$ 50,283,281	98.1%	\$ 929,564	\$ 51,212,845	99.9%	\$ 33,258
2002	31.8	2000	57,024,838	56,004,134	98.2%	984,622	56,988,756	99.9%	36,082
2003	33.8	2001	62,421,021	61,405,444	98.4%	976,267	62,381,711	99.9%	39,310
2004	23.4	2002	65,292,492	64,404,389	98.6%	858,824	65,263,213	100.0%	29,279
2005	24.9	2003	70,745,739	69,896,883	98.8%	818,291	70,715,174	100.0%	30,565
2006	26.1	2004	76,226,450	75,533,854	99.1%	657,618	76,191,472	100.0%	34,978
2007	27.3	2005	81,644,015	80,907,427	99.1%	695,038	81,602,465	99.9%	41,550
2008	28.1	2006	84,992,465	84,184,987	99.0%	751,840	84,936,827	99.9%	55,638
2009	23.2	2007	89,761,007	88,934,425	99.1%	603,421	89,537,846	99.8%	223,161
2010	23.43	2008	90,216,520	89,465,838	99.2%	-	89,465,838	99.2%	750,682

Source: Town audit reports.

TABLE 9

## TOWN OF NEWTOWN, CONNECTICUT

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES		TOTAL	PERCENTAGE OF PERSONAL INCOME	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	CLEAN WATER NOTES	DRINKING WATER NOTE	IMPROVEMENT NOTE	CAPITAL LEASES	GENERAL OBLIGATION BONDS	CLEAN WATER NOTES	TOTAL		
2001	\$ 40,492,500	\$ 3,660,452	\$	\$	\$ 420,000	\$ 807,500	\$13,506,115	\$ 58,886,567	N/A	\$ 2,353
2002	54,985,000	3,456,929			215,000	765,000	12,799,792	72,221,721	N/A	2,848
2003	50,027,500	3,765,326				722,500	12,079,212	66,594,538	N/A	2,575
2004	45,820,000	3,527,732				680,000	11,344,088	61,371,820	N/A	2,334
2005	54,012,900	3,290,450				652,100	10,594,126	68,549,576	N/A	2,561
2006	57,658,900	3,048,371	171,738	1,044,000		616,100	9,829,026	72,368,135	0.14%	2,681
2007	61,754,500	2,801,364	159,714	783,000		575,500	9,048,484	75,122,562	0.15%	2,779
2008	66,336,600	2,549,346	152,719	2,722,000		528,400	8,252,187	80,541,252	0.14%	3,006
2009	65,770,640	2,292,219	145,560	4,711,000	340,000	482,000	7,439,818	81,181,237	0.14%	3,089
2010	72,068,800	2,029,879	138,233		290,265	436,200	6,611,048	81,574,425	0.11%	3,799



TABLE 10

TOWN OF NEWTOWN, CONNECTICUTRATIOS OF GENERAL DEBT OUTSTANDING  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	GENERAL DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	NOTES	TOTAL		
2001	\$ 40,492,500	\$ 3,660,452	\$ 44,152,952	1.41%	\$ 1,764
2002	54,985,000	3,456,929	58,441,929	1.68%	2,305
2003	50,027,500	3,765,326	53,792,826	1.35%	2,080
2004	45,820,000	3,527,732	49,347,732	1.20%	1,876
2005	54,012,900	3,290,450	57,303,350	1.23%	2,141
2006	57,658,900	4,264,109	61,923,009	1.18%	2,294
2007	61,754,500	3,744,078	65,498,578	1.22%	2,423
2008	66,336,600	5,424,065	71,760,665	1.34%	2,654
2009	65,770,640	7,148,779	72,919,419	1.29%	2,758
2010	72,068,800	2,168,112	74,236,912	1.47%	2,777

TABLE 11

**TOWN OF NEWTOWN, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT STATUTES, SECTION 7-374(b)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(UNAUDITED)**

<b><u>TAX BASE:</u></b>					
Total tax collections (including interest and lien fees).....	\$				90,318,157
Newtown Borough Tax.....					161,059
<b><u>REIMBURSEMENT OF REVENUE LOST ON:</u></b>					
Tax Relief for Elderly Freeze Grant.....					1,757
TOTAL BASE.....	\$				<u>90,480,973</u>
	GENERAL	SCHOOLS	SEWER	URBAN	PENSION
	PURPOSE			RENEWAL	DEFICIT
<b><u>DEBT LIMITATION:</u></b>					
2 1/4 times base.....	\$	203,582,189	\$		\$
4 1/2 times base.....			\$		
3 3/4 times base.....		407,164,379			
3 1/4 times base.....			339,303,649		
3 times base.....				294,063,162	
					271,442,919
TOTAL LIMITATIONS.....		203,582,189	407,164,379	339,303,649	294,063,162
					271,442,919
<b><u>INDEBTEDNESS:</u></b>					
Bonds payable.....		38,749,851			
Bond anticipation notes.....			32,687,749		
Less school building grants.....			20,000,000		
			(3,837,712)		
TOTAL INDEBTEDNESS.....		38,749,851	48,850,037	631,200	-
<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING</b>					
DEBT.....	\$	164,832,338	\$	358,314,342	\$
				338,672,449	294,063,162
					271,442,919
The total net indebtedness above amounts to:					\$ 88,231,088
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					\$ 633,366,811
There is no overlapping debt for the Town of Newtown.					

**TABLE 12****TOWN OF NEWTOWN, CONNECTICUT****LEGAL DEBT MARGIN INFORMATION  
LAST TEN YEARS  
(UNAUDITED)**

<b>YEAR ENDED JUNE 30</b>	<b>DEBT LIMIT</b>	<b>NET DEBT APPLICABLE TO LIMIT</b>	<b>LEGAL DEBT MARGIN</b>	<b>TOTAL NET DEBT APPLICABLE</b>
2001	\$ 859,734,738	\$ 29,539,156	\$ 830,195,582	3%
2002	968,808,811	45,042,545	923,766,266	5%
2003	1,056,295,535	41,084,784	1,015,210,751	4%
2004	1,101,828,869	45,288,226	1,056,540,643	4%
2005	1,193,608,669	46,790,675	1,146,817,994	4%
2006	1,287,562,986	51,762,146	1,235,800,840	4%
2007	1,374,049,585	56,328,321	1,317,721,264	4%
2008	1,430,495,510	60,935,764	1,369,559,746	4%
2009	1,509,951,699	64,664,689	1,445,287,010	4%
2010	1,515,556,298	88,231,088	1,427,325,210	6%

**TABLE 13****TOWN OF NEWTOWN, CONNECTICUT****DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(UNAUDITED)**

YEAR ENDED JUNE 30	(1) POPULATION	(5) PERSONAL INCOME	(2) PER CAPITA INCOME	(5) MEDIAN AGE	EDUCATION LEVEL IN YEARS OF SCHOOLING	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT PERCENTAGE
2001	\$ 25,031	N/A	N/A	N/A	N/A	4,941	1.5%
2002	25,355	N/A	N/A	N/A	N/A	5,018	2.4%
2003	25,866	N/A	N/A	N/A	N/A	5,201	3.1%
2004	26,299	N/A	N/A	N/A	N/A	5,399	3.5%
2005	26,762	N/A	N/A	N/A	N/A	5,496	3.8%
2006	26,996	\$ 99,192	\$ 37,786	N/A	N/A	5,648	2.6%
2007	27,034	110,346	37,786	N/A	N/A	5,668	2.9%
2008	26,790	110,346	37,786	40	N/A	5,628	4.9%
2009	26,441	114,719	37,786	37.5	49.8% at least 4 yrs of college	5,580	5.4%
2010	26,737	114,673	37,786	37.5	49.8% at least 4 yrs of college	5,490	6.6%

(1) Source: State of Connecticut, Department of Health, 1990 Population - U.S. Bureau of Census.

(2) PER CAPITA INCOME AND MEDIAN AGE - Figures obtained from the State of Connecticut Census Data Center, U.S. Census Bureau and the Housatonic Council of Elected Officials.

(3) Connecticut Department of Education.

(4) CONNECTICUT LABOR DEPARTMENT - Research and Statistics.

(5) Connecticut Economic Resource Center 2008 Town Profile.

TABLE 14

TOWN OF NEWTOWN, CONNECTICUT

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

EMPLOYER	2010			2001		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
TOWN OF NEWTOWN BOARD OF EDUCATIO	797	1	6.0%	578	1	4.5%
STATE OF CT - DEPT OF CORRECTIONS.....	305	2	2.3%	348	2	2.7%
MASONICARE OF NEWTOWN.....	282	3	2.1%	148	9	1.2%
TAUNTON PRESS.....	250	4	1.9%	251	4	2.0%
CHARTER COMMUNICATIONS.....	222	5	1.7%	155	8	1.2%
TOWN OF NEWTOWN.....	173	6	1.3%	142	10	1.1%
CURTIS PACKAGING.....	145	7	1.1%	170	7	1.3%
HUBBELL WIRING DEVICES-KELLEMS.....	130	8	1.0%	250	5	1.9%
NEWTOWN SAVINGS BANK	126	9	0.9%			
BIG Y SUPERMARKET.....	125	10	0.9%			
STOP AND SHOP.....	125	11	0.9%	189	6	1.5%
KENDRO LABORATORY PRODUCTS			0.0%	300	3	2.3%
TOTAL.....	<u>2,680</u>		<u>20.1%</u>	<u>2,531</u>		<u>19.7%</u>

SOURCE: State Department of Labor.

TABLE 15

TOWN OF NEWTOWN, CONNECTICUTFULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN YEARS  
(UNAUDITED)

FUNCTION / PROGRAM	FULL -TIME EQUIVALENT EMPLOYEES AS OF JUNE 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
GENERAL GOVERNMENT:										
Selectmen.....	3	3	4	4	4	4	4	4	4	4
Finance.....	5	5	5	5	5	5	5	5	5	5
Parks and recreation.....	16	16	16	17	15	16	16	13	11	12
Town Clerk.....	4	4	4	4	4	4	4	4	4	4
Senior Center.....	3	3	3	2	1	1	1	2	2	1
Registrars.....	2	2	2	2	2	2	2	2	2	2
Tax Collector.....	5	5	5	5	4	4	4	4	4	4
Tax Assessor.....	4	4	4	4	4	4	4	4	3	3
Social Services.....	2	2	2	2	1	1	1	3	2	2
POLICE:										
Officers.....	47	47	46	41	42	42	41	42	43	42
Civilians.....	5	5	5	5	4	4	5	5	4	4
Canine Control.....	2	2	2	2	2	2	2	2	2	2
FIRE:										
Fire Marshall.....	3	3	3	2	2	2	2	2	2	2
PUBLIC WORKS:										
Engineering.....	2	2	2	2	2	2	2	2	2	2
Highway.....	39	44	40	42	40	40	41	41	40	41
Landfill.....	3	3	3	3	3	3	3	3	3	3
Building.....	6	7	6	6	6	7	6	6	6	
LAND USE.....	5	6	5	7	7	7	7	7	7	7
EMERGENCY COMMUNICATIONS.....	11	11	11	11	11	11	10	10	10	7
EDUCATION.....	797	747	734	722	699	689	658	654	602	594
TOTAL.....	964	921	902	888	858	850	818	815	758	741

SOURCE: Town Budget.

**TABLE 16**  
(1 of 2)

**TOWN OF NEWTOWN, CONNECTICUT**

**OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS  
(UNAUDITED)**

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b><u>GOVERNMENTAL ACTIVITIES</u></b>										
<b>PUBLIC SAFETY:</b>										
Fire: All volunteer										
Total incidents.....	1,245	1,258	1,313	1,444	1,227	1,216	1,114	1,159	1,107	1,166
Rescue/medical calls.....	184	235	216	175	134	169	124	128	111	89
Police:										
Number of calls.....	21,208	20,285	19,177	18,374	16,743	14,938	14,709	13,983	11,988	11,349
Total 911 calls received.....	6,704	6,413	7,084	7,261	n/a	7,723	7,243	7,014	6,346	5,991
Formal investigations.....	3,119	3,080	3,187	3,158	3,443	3,174	3,728	3,333	2,872	2,774
TOWN CLERK:										
Number of documents recorded.....	5,056	5,507	6,041	7,767	8,623	9,920	12,730	13,742	10,288	7,726
<b>HEALTH AND WELFARE:</b>										
Number of food service facilities inspections...	121	103	99	98	95	70	70	68	68	138
New homes built.....		9	23	53	70	69	140	189	167	137
Number of soil tests.....	113									
Number of new septic permits.....	16									
Number of septic repairs.....	84									
Number of well permits.....	33									
<b>LAND USE:</b>										
Total subdivisions approved.....	0	3	10	5	13	13	6	8	14	20
Total commercial applications approved.....	7	10	12	13	11	6	5	16	N/A	N/A
<b>BUILDING:</b>										
Residential permits issued.....	1,286	1,277	1,510	1,803	1,692	1,693	2,043	1,803	1,805	1,812
Commercial permits issued.....	221	194	214	170	197	273	232	181	150	153
<b>PUBLIC WORKS:</b>										
Streets (miles) .....	256.03	256.03	255.05	250.41	250.41	249.14	246.62	246.36	N/A	N/A
Accepted Town roads.....	237.54	237.54	236.56	234.90	234.90	233.63	231.11	230.85	N/A	N/A
Private roads.....	15.51	15.51	15.51	15.51	15.51	15.51	15.51	15.51	N/A	N/A
Sidewalks (miles) .....	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.17

(Continued)

**TABLE 16**  
(2 of 2)

**TOWN OF NEWTOWN, CONNECTICUT**

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS  
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Enrollment:</b>										
High School Grades 9-12.....	1,730	1,704	1,719	1,714	1,688	1,622	1,559	1,427	1,364	1,332
Middle School Grades 6-8.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1,220	1,186
Middle School Grades 7-8.....	896	929	930	890	896	864	854	848	(1)	(1)
Intermediate School Grades 5-6.....	861	964	948	971	913	874	875	842	(1)	(1)
Elementary Schools Grades K-5.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	2,434	2,423
Elementary Schools Grades K-4.....	1,915	1,983	2,031	2,093	2,151	2,135	2,111	2,084	N/A	(1)
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>										
<b>WATER FUND:</b>										
Water mains (miles).....	6	6	6	9	9	9	(2)	(2)	(2)	(2)
Fire hydrants.....	53	47	47	47	47	47	(2)	(2)	(2)	(2)
Storage capacity (thousands of gallons).....	1,000	1,000	1,000	1,000	1,000	1,000	(2)	(2)	(2)	(2)
<b>SEWER FUND:</b>										
Sewer mains (miles).....	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22
Treatment capacity (thousands of gallons)....	932	932	932	932	932	932	932	932	932	932

(Concluded)

SOURCES: Various Town Departments

(1) Information not available due to the construction and consolidation of schools and related grade levels.

(2) Water System established in 2005.

N/A - Information not available.



TABLE 17

TOWN OF NEWTOWN, CONNECTICUTCAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN YEARS  
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b><u>GOVERNMENTAL ACTIVITIES</u></b>										
PARKS AND RECREATION:										
Acreage (includes all open space).....	2,100	2,100	1,866	1,866	1,866	1,809	1,783	1,783	1,756	1,756
Playgrounds.....	11	11	13	13	13	13	13	12	12	11
Baseball fields.....	14	14	15	14	14	14	14	14	14	14
Softball fields.....	9	9	8	8	8	7	7	7	7	7
Multi-purpose fields.....	20	20	20	18	18	17	17	17	17	14
Senior Center.....	1	1	1	1	1	1	1	1	1	1
PUBLIC SAFETY:										
Fire Stations	5	5	5	5	5	5	5	5	5	5
Police department:										
Stations.....	1	1	1	1	1	1	1	1	1	1
Number of patrol officers.....	32	32	33	29	28	25	24	24	25	26
PUBLIC WORKS:										
Highway department:										
Streets (miles).....	256.03	256.03	255.05	250.41	250.41	249.14	246.62	246.36	N/A	N/A
Sidewalks (miles).....	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.17
TRANSFER STATION:										
Number of transfer stations.....	1	1	1	1	1	1	1	1	1	1
EDUCATION:										
Number of High Schools.....	1	1	1	1	1	1	1	1	1	1
Number of Middle Schools.....	1	1	1	1	1	1	1	1	1	1
Intermediate School.....	1	1	1	1	1	1	1	1	1	1
Number of Elementary Schools.....	4	4	4	4	4	4	4	4	4	4
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>										
WATER FUND:										
Water mains (miles).....	6	6	6	6	9	9	(1)	(1)	(1)	(1)
Fire hydrants.....	47	47	47	47	47	47	(1)	(1)	(1)	(1)
SEWER FUND:										
Sewer mains (miles).....	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22	24.22

SOURCES: Various Town Departments.

(1) Water System established in 2005.